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POSTAL AND COMMERCIAL INTERCOURSE

BETWEEN

THE UNITED STATES

AND

CENTRAL AND SOUTH AMERICA.

Message from the President of the United States, in reply to a resolution of the Senate, December 17, 1878.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
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MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

COMMUNICATING,

In answer to a Senate resolution of December 5, 1878, information concerning postal and commercial intercourse between the United States and South American countries.

DECEMBER 17, 1878.—Read, referred to the Committee on Post-Offices and Post-Roads, and ordered to be printed.

To the Senate of the United States:

In answer to the resolution of the Senate of the 5th instant, requesting the transmission to the Senate of "any information which may have been received by the departments concerning postal and commercial intercourse between the United States and South American countries, together with any recommendations desirable to be submitted of measures to be adopted for facilitating and improving such intercourse," I transmit herewith reports from the Secretary of State and the Postmaster-General, with accompanying papers.

The external commerce of the United States has for many years been the subject of solicitude because of the outward drain of the precious metals it has caused. For fully twenty years previous to 1877 the shipment of gold was constant and heavy, so heavy during the entire period of the suspension of specie payments as to preclude the hope of resumption safely during its continuance. In 1876, however, vigorous efforts were made by enterprising citizens of the country, and have since been continued, to extend our general commerce with foreign lands, especially in manufactured articles, and these efforts have been attended with very marked success.

The importation of manufactured goods was at the same time reduced in an equal degree, and the result has been an extraordinary reversal of the conditions so long prevailing, and a complete cessation of the outward drain of gold. The official statement of the values represented in foreign commerce will show the unprecedented magnitude to which the movement has attained, and the protection thus secured to the public interests at the time when commercial security has become indispensable.

The agencies through which this change has been effected must be maintained and strengthened if the future is to be made secure. A return to excessive imports, or to a material decline in export trade, would render possible a return to the former condition of adverse balances, with the inevitable outward drain of gold as a necessary consequence. Every element of aid to the introduction of the products of our soil and manufactures into new markets should be made available. At present such

is the favor in which many of the products of the United States are held, that they obtain a remunerative distribution, notwithstanding positive differences of cost resulting from our defective shipping, and the imperfection of our arrangements in every respect, in comparison with those of our competitors, for conducting trade with foreign markets.

If we have equal commercial facilities we need not fear competition anywhere.

The laws have now directed a resumption of financial equality with other nations, and have ordered a return to the basis of coin values. It is of the greatest importance that the commercial condition now fortunately attained shall be made permanent, and that our rapidly increasing export trade shall not be allowed to suffer for want of the ordinary means of communication with other countries.

The accompanying reports contain a valuable and instructive summary of information with respect to our commercial interests in South America, where an inviting field for the enterprise of our people is presented. They are transmitted with the assurance that any measures that may be enacted in furtherance of these important interests will meet with my cordial approval.

R. B. HAYES.

EXECUTIVE MANSION,
December 17, 1878.

To the President:

The Secretary of State, to whom was referred the resolution of the Senate of the 5th instant, requesting the President to transmit to the Senate "any information which may have been received by the departments concerning postal and commercial intercourse between the United States and South American countries, together with any recommendations desirable to be adopted for facilitating and improving such intercourse," has the honor to lay before the President copies of dispatches from the diplomatic agents of the United States accredited to the governments of South America touching the subject-matter of the resolution; and also, as coming within the purview thereof, copies of a report and its annexes, presented to this department by Mr. J. W. Fralick, upon his return from an extended journey through the leading states of South America, all of which papers are specified in the subjoined list.

With reference to the request of the Senate for "any recommendations desirable to be submitted of measures to be adopted for facilitating and improving" postal and commercial intercourse, the Secretary of State, without entering into an extended discussion of the very important and interesting topics suggested by the papers submitted, respectfully calls attention to certain manifest conclusions which all these reports tend to support.

I. It seems to be very evident that the provision of regular steam postal communication, by aid from government, has been the forerunner of the commercial predominance of Great Britain in the great marts of Central and South America, both on the Pacific and Atlantic coasts of the continent. It is no less apparent that the efforts of other European nations, Germany, France, and Italy, to share in this profitable trade have been successful in proportion with their adoption of regular steam postal communication with the several markets whose trade they sought.

II. These papers show, also, that the enterprise and sagacity thus shown by European nations have actually *reversed* the advantage which our geographical position gives us in relation to this extensive commerce

of the American hemisphere. The commercial correspondence of our merchants with the trading points on the east and west coasts crosses the Atlantic twice to make a postal connection in a circuit of trade which has its beginning and its end on our own continent. The statistics of our limited trade, under this extraordinary disadvantage, show that the growing preference for our products in these South American markets insists upon being gratified, even at the cost of a circuit of importation which carries our merchandise to Europe and incorporates it as a contribution to the volume and the profits of European South American trade. No stronger demonstration of the tendency of commerce to follow in the train of postal communication can be conceived than this vast and expensive circuit of importation resorted to in default of direct opportunities between the countries of demand and supply.

III. It would seem from these reports that the merchants and the communities, no less than the governments, of these countries strongly desire an enlargement of direct trade with the United States. With all the advantages of foreign commerce supplied by the existing European arrangements for its prosecution, these markets perceive that this unnatural circuit, when the resources of the United States could supply a direct trade in its place, must be at the expense of the party subjected to the system and the profit of the party which administers and controls it. Everywhere there is shown a great desire to expand their trade with the United States, and even the least prosperous exchequers of these governments are ready to be opened to share in the expenses of steam postal communications, of whose value in promoting foreign commerce their own experience furnishes irrefragable proof.

IV. While many less immediate and less simple measures, about which judgments may not readily concur, may properly be canvassed by our people, now eager for a restoration and extension of foreign commerce, upon this one simple and first step of direct, regular, and frequent steam postal communication between the United States and the principal commercial ports of Central and South America there would seem to be no room for doubt.

If this be so, it is obviously the dictate of interest and duty, on the part of the government, to promote by every just and appropriate means the attainment of this first and principal agency for the desired expansion of our foreign commerce. It is difficult to understand how this commencement and development of an ocean postal system, to be a forerunner of the expected trade, can be wholly trusted to the mere interests of mercantile combinations.

The governments of the foreign states with which this commerce is to be opened are ready to take their part in the public expense of this postal communication with us, and the participation or non-participation by the United States in this public expense seems to be the turning point in the acceptance or rejection of the reciprocal trade now proffered us.

WM. M. EVARTS.

DEPARTMENT OF STATE,
Washington, December 17, 1878.

List of papers.

ARGENTINE REPUBLIC.

1. Mr. Osborn to Mr. Evarts, No. 169, Buenos Ayres, November 18, 1877.
2. The same to the same, No. 192, Buenos Ayres, June 20, 1878.

BRAZIL.

3. Mr. Hilliard to Mr. Evarts, No. 5, Rio de Janeiro, November 6, 1877.
4. The same to the same, No. 6, Rio de Janeiro, November 14, 1877.
5. The same to the same, No. 18, Rio de Janeiro, May 23, 1878.
6. The same to the same, No. 22, Rio de Janeiro, June 7, 1878.

CHILI.

7. Mr. Osborn to Mr. Evarts, No. 18, Santiago, November 2, 1877.
8. The same to the same, No. 33, Santiago, March 1, 1878.
9. The same to the same, No. 60, Santiago, September 27, 1878.
10. The same to the same, No. 65, Santiago, October 24, 1878.

COLOMBIA.

11. Mr. Dichman to Mr. Evarts, No. 10, October 17, 1878.
12. The same to the same, No. 18, Bogotá, November 7, 1878.

PERU.

13. Mr. Gibbs to Mr. Evarts, No. 238, Lima, April 10, 1878.
14. The same to the same, No. 244, Lima, April 26, 1878.
15. The same to the sume, No. 257, Lima, June 25, 1878.
16. The same to the same, No. 284, Lima, November 13, 1878.

VENEZUELA.

17. Mr. Baker to Mr. Evarts, No. 54, Caracas, October 12, 1878.

MISCELLANEOUS.

18. Mr. Fralick to Mr. Evarts, Philadelphia, Pa., December 7, 1878, with accompaniments.

No. 1.

Mr. Osborn to Mr. Evarts.

No. 169.] UNITED STATES LEGATION,
Buenos Ayres, November 18, 1877. (Received January 28, 1878.)

SIR: In relation to the question of the commercial relations between the United States and the Argentine Republic, and the means to be employed to draw these relations closer, for the development and enlargement of trade between them, to which subject special attention is called by your circular under date of July 16, 1877, it may be observed, that, through a want of direct steam communication between the two countries, Europe, or at least most of the European nations, stand as it were in the matter of trade between the United States and this portion of South America.

At present no steam-vessels arrive at the port of Buenos Ayres direct from any part of the United States, and no vessels of that class leave this port, or the river La Plata, direct for any port in the United States, except an occasional vessel of a single line, carrying the English flag, and that at irregular periods, and which returns to this port by way of Europe; hence this uncertain means of communication can do little or

nothing in the way of fostering or enlarging the trade between the river La Plata and the United States. On the other hand, direct and rapid communication is at present, and has been for a long time, maintained between the Argentine States and Europe by some eleven different lines of steamships, of which five are British, four are French, two German, and one Italian; and these steamships carry passengers, not only those whose destination is Europe, but those who desire to go to the United States, and also articles of commerce for the latter which are required to be delivered as promptly as possible on orders. Our merchant fleet in the river La Plata, comparatively small, is wholly under canvas, and while it may be able to do all the carrying demanded, yet the arrivals and departures of vessels of that character are uncertain, and are not calculated, in this age of speed and improvements, to inspire merchants with confidence.

There can be no doubt, if we consider the similarity of political institutions, the relative geographical positions of the United States and the Argentine Republic, and the further fact, supported by the opinions of leading merchants there, that many of the products and manufactured articles of the United States suitable to the wants of this country are better and now cheaper than those of the same class from Europe, that the trade which naturally belongs to the United States is diverted from its natural channel to a great extent to a channel foreign and unnatural by means of steam. Saving time is a principle which in this age enters very largely into the business and trade of the commercial world.

I was so fully impressed with the importance of the question of direct and rapid communication between the two countries, that, soon after my arrival here in 1874, I called upon and had an interview with President Sarmiento, the chief executive of this republic, and in relation to this subject I informed him that on my departure from Washington and on taking leave of the President of the United States, President Grant expressed his desire for closer commercial relations between the two countries. President Sarmiento replied by saying that the desire of the President was cordially reciprocated, and that the first step to be taken in the direction of fostering commerce and enlarging trade was to establish direct steam communication between the two countries. I then informed President Sarmiento that inquiries had been addressed to me as to what assistance, if any, would be given by the Argentine Republic to a steamer line if the same were to be established between New York and Buenos Ayres; to which the President replied that there was a standing offer from the Argentine Government of $20,000 to any company establishing such a line, and if necessary it would doubtless be made $40,000.

It is claimed by merchants and exporters of this city, that, in connection with the want of direct communication with the United States by steam the tariff of 1867 was in a great degree instrumental in breaking off a trade between the two countries, which formerly compared favorably with that enjoyed by any one of the European competitors.

Upon examination I find that, previous to our civil war—1861—and when the duties, especially on wool, the chief staple of this portion of South America, imposed by the United States were nearly on an equality with those of other commercial nations, our commerce with this port was double what it is at present.

It is claimed that the war caused an advance in the costs of American products, and greatly reduced exportation from the United States, and that the tariff of 1867 prevented shipments of wool from this port; so that, while little or nothing could be exported hither from the United

States on account of excessive prices, the principal article of export of the Argentine Republic was so severely taxed by our government as to exclude it almost entirely from our market.

But the values of nearly all American products and industries have now settled down to such prices as to render them as profitable for this market as they were in other years; and yet, with the exception of lumber, kerosene, tobacco, and some agricultural implements, and a few other specialties, which are strictly of American growth or manufacture, and cannot be obtained elsewhere, little or nothing is imported thence. I am informed that from the United States thousands of tons of cheese, butter, beef, and pork, are annually exported to England, and none to the river La Plata; nevertheless all these articles are received here from England, and, although of American origin, are sold as English products. Moreover, American cotton goods of every description, and deservedly famed for their excellent quality and low cost, are, notwithstanding these advantages, rarely or never seen in this market; while of English manufactures of similar styles, large quantities are imported and meet with ready and profitable sales.

So, too, refined sugar and Carolina rice were formerly among the principal imports to this country from the United States; now the chief supplies of sugar are drawn from France, Germany, and Holland, while most of the rice is received from Italy.

The cause of this falling off in the trade with this country, and of little or no demand being now made upon the United States for these articles, as compared with former years, will be found in the fact that the want of direct steam communication with the United States, and the duties on Argentine wool, have diverted an important trade from the United States into the hands of the English, French, and Italians, who receive Argentine wool free of duty, and who, with their fleets of steamers, maintain almost daily communication with this country.

Since the 1st of January last to this date, one hundred and ninety steamers have arrived at the port of Buenos Ayres, belonging to the above-named nationalities. All these steamers departed for their respective destinations with full cargoes.

The total exports of wool from the port of Buenos Ayres from October, 1876, to October, 1877, were two hundred and twelve thousand four hundred (212,400) bales, of which two hundred and nine thousand seven hundred and seventy-six (209,776) bales went to Europe, and only two thousand six hundred (2,600) bales were exported to the United States.

In the year 1866, the exports of wool from Buenos Ayres to the United States alone were thirty thousand and eleven (30,011) bales, and the year 1867 compared favorably with the year 1866 as to the number of bales exported up to the time the tariff of 1867 went into effect; but in the year 1868, shipments to the United States were reduced to two thousand four hundred and seventy-two (2,472) bales, and since that time to the present the number of bales of wool shipped annually to the United States has not varied to any great extent; for we find that for the twelve months last past only two thousand six hundred and twenty-four (2,624) bales were shipped to the United States.

If we take the number of bales of wool shipped to the United States from this port during the year previous to the tariff of 1867, and the number shipped the year after, say during the years 1866 and 1868, the difference is so marked as to the number of bales which reach our markets that we must conclude that the tariff of 1867, although its object was simply to provide revenue, excluded from the marts of the United States the great staple upon which this country depends, and which she

must for some years to come continue to exchange for those articles of foreign countries which she needs. The result is inevitable, that the Argentine Republic will buy where she sells; in other words, it is hardly to be expected that this country will sell her articles of commerce in European markets and then buy in our markets articles suitable to her wants when values and kind are in both nearly equal.

There appear, then, to be two leading questions for the consideration of our government in connection with the commerce between the United States and the most southerly of the Spanish-American republics for the fostering and building up of trade between them:

First. The question of direct steam communication between the two countries; and,

Second. Such a modification or revision of the tariff of 1867 as will permit of a fair competition with the commercial nations of Europe.

I think it may be taken as true that no line of steam-vessels from any port in the United States to the river La Plata can live for the first few years without great loss to the owners, and it would be compelled to depend to a certain extent for assistance upon the governments to be benefited by such a line.

Whether, by the modification or revision of the tariff of 1867, more articles could be introduced, as is claimed, into our own markets in exchange for such articles as are needed here, more revenue would accrue to our government, is a question to be solved by the proper authorities.

It is apparently quite proper to suppose that if the project of a steamer line from any port in the United States to the port of Buenos Ayes or the river La Plata should be proposed by a private company, and an appeal should be made to the Government of the United States for assistance or a subsidy to support it for a certain period, it would be very natural for the representatives of the United States to ask, What of the country to which a steam line is proposed; and what of the future of that country?

It might be said that the Argentine Republic is not, or but little, known to our people. A republic with institutions copied more closely, perhaps, from our own than any other Spanish-American republic; with a territory containing about a million and a quarter square miles; with her vast pampas, or prairies, similar to our State of Texas, and her rocks and mountains of the character of those of New England; with a domain extending from the river La Plata, in latitude 21°, to the Straits of Magellan, in latitude 56° south, and from the Atlantic coast to the foot of the Andes, embracing every variety of climate and richness of soil; with her provinces or states, thirteen in number, having the same relations to the Argentine Federation as our own States to our general government; with a population of about two millions; with Buenos Ayres, her capital, a city of about two hundred thousand inhabitants of intelligence and culture, and possessing buildings that would be creditable to any city; with all that luxury or art may be able to give; with a port where steamships from the Old World anchor nearly every day in the month, and hundreds of flags flying from vessels of different nationalities proclaim its wide-reaching commerce—with all this, it would seem that such a country and such a government, if not now, will in a short period command the attention at least of the whole commercial world.

I have, &c.,

THOS. O. OSBORN.

No. 2.

Mr. Orborn to Mr. Evarts.

No. 192.] LEGATION OF THE UNITED STATES,
Buenos Ayres, June 20, 1878. (Received August 12.)

SIR: The Hon. John W. Fralick, United States commissioner to the South American states and Brazil, representing the "associated industries of the United States," and to a certain extent the Postal Union, arrived at this legation on the 10th instant.

Mr. Fralick found that this government entered upon the postal service, in accordance with the Berne postal treaty, the first of April last, but that the postal tariff charged by this government, of sixteen (16) cents for every fifteen (15) grams or fractions thereof, was thought to be a violation of one of the articles of the treaty; and an interview was asked for with the postmaster-general in reference to the matter.

In the interview the postmaster-general stated that the postal tariff of sixteen (16) cents on letters of fifteen (15) grams each, instead of five, was charged by this government to cover the expenses of the ocean transportation beyond the three hundred (300) nautical miles.

The day following Mr. Fralick's departure, the 15th instant, for Rio de Janeiro, I received a note from President Avellenada, naming the next day, the 17th, at 2 p. m., for an interview with His Excellency, as previously requested. At the appointed hour I called on the President and expressed to His Excellency the regret of Mr. Fralick that he was compelled to leave Buenos Ayres before the hour named for the interview, and explained to him the mission of Mr. Fralick to South America.

After a discussion of the commercial relations between the United States and the Argentine Republic, and the means to be employed, by the establishment of a line of steam-vessels between the United States and Buenos Ayres, to bring them closer; the President evinced a lively interest in the matter, and said that within two days he would send a message to Congress asking that a yearly subsidy of twenty-five thousand dollars ($25,000) be granted to assist in carrying out the project proposed, as it was thought twenty-five thousand dollars was a reasonable sum when compared with the amount which the Government of Brazil proposed to give.

I have the honor to inclose herewith a copy (in Spanish) of the message of the President sent to Congress on yesterday and printed in the "La Nacion" of this morning.

I have, &c.,

THOS. O. OSBORN.

[Inclosure with Mr. Osborn's No. 192.—Translation.]

From "La Nacion," June 20, 1878.

STEAM COMMUNICATION WITH THE UNITED STATES.

The national government yesterday transmitted to Congress the message and bill which we publish below, relative to the necessity of granting a subsidy of twenty-five thousand dollars per annum to the line of steamers now plying between Rio Janeiro and New York.

We have already expressed our opinion as to the desirability of making every effort to promote, by all possible means, the commercial relations existing between the Argentine Republic and the United States, and it is therefore natural that we should congratulate ourselves on the step which has now been taken by the executive, and that we should desire to see his recommendation speedily acted upon.

It is the duty of Congress to give immediate attention to this important matter, for weighty interests of our republic are dependent upon its settlement in the manner recommended by the government.

The following are the documents to which we have reference:

EXECUTIVE MANSION,
Buenos Ayres, June 19, 1878.

To the honorable Congress of the nation:

The honorable Congress passed a law on the 18th of August, 1865, granting a subsidy of $20,000 to any company that should establish direct monthly communication between Buenos Ayres and New York.

This subsidy, notwithstanding the time that has elapsed, has never been paid, because it has been impossible to secure the establishment of such a line. Now, however, it may be said that its existence is assured, a company having been organized in the United States with sufficient means, and enjoying the patronage of the government of that republic.

The Executive has therefore informed the minister plenipotentiary of the United States that he may rely upon the subsidy provided for by the law of 1865, and that a recommendation would be sent to Congress to increase the amount to $25,000 per annum, he having declared this to be necessary.

These brief remarks will suffice to explain the bill which the Executive has the honor herewith to transmit.

It seems unnecessary to mention the advantages which must accrue to our country from the establishment of this line of steamers, which will afford safe and speedy communication with a great manufacturing country, in which our raw material will meet with a new and extensive demand.

God guard the honorable Congress of the nation.

N. ARELLANEDA.
S. M. LASPIUR.

BILL.

The Senate and House of Representatives, etc.

ART. 1. The Executive is authorized to increase to $25,000 the subsidy guaranteed by the law of August 18th, 1865, to the line of steamers to be established between New York and Buenos Ayres.

ART. 2. Let it be communicated, etc.

S. M. LASPIUR.

No. 3.

Mr. Hilliard to Mr. Evarts.

No. 5.] UNITED STATES LEGATION,
Rio de Janeiro, November 6, 1877. (Received Dec. 13.)

SIR: Upon my arrival here, I felt it to be my duty to inform myself in regard to the state of what may be called "American" interests in this country. My attention was attracted to the remarkable fact that while the United States take so large a proportion of the coffee of Brazil, the great bulk of the trade of this country is controlled by England. We furnish the money which the people of this country use in purchasing their supplies from other countries, and much the larger proportion is imported from England. I shall at some time state the figures which represent this state of trade. Some of our products are actually sent from the United States to England, sold there, and then reshipped to the ports of Brazil in the steamships of Great Britain, where they are sold in the market at a great advance upon the original prices. The want of the facilities for rapid transit between the principal ports of the United States and those of Brazil must, of course, subject us to great disadvantage in our commercial intercourse with this country.

I found upon coming here a representative of John Roach, of New York, who had been for several months striving to obtain from the Government of Brazil some encouragement for opening a line of steamships between New York and this city, but he encountered obstacles at every step. The English influence was very hostile to his plan, and it has so far obstructed the enterprise pressed upon this government with so much energy and intelligence by Mr. W. P. Tisdel, who represents Mr. Roach here. Of course I could not aid him officially, but I have contributed what I could properly to influence the government to entertain with favor the proposal submitted to it by our enterprising countrymen. I hope to be able at an early day to inform you of the success of a plan so important to the interests of the United States.

It is a remarkable fact that, while there is not a single line of direct communication by steamship between the ports of the United States and those of Brazil, other countries have established lines which are in full and, I believe, successful operation. The Liverpool and Pacific Mail Steamship Company sends two steamers per month. The Royal Mail Line sends steamships which sail from Southampton twice a month. There are three lines of steamships from France, from Havre, Bordeaux, and Marseilles, sailing each semi-monthly. There is a line from Hamburg, and another from Bremen. There is also a line from Genoa.

It is impossible to overlook the importance of a line of steamships between the ports of the United States, for example New York and New Orleans, and this port, touching at other ports of Brazil.

I learn that the Emperor is very friendly to the establishment of such a line.

So far as the effect of the duties imposed by this government on imports from the United States may be considered, I shall make some suggestions hereafter which I hope will be worth your consideration, and which may, perhaps, be properly submitted to Congress.

I have, &c.,

HENRY W. HILLIARD.

No. 4.

Mr. Hilliard to Mr. Evarts.

No. 6.] UNITED STATES LEGATION,
Rio de Janeiro, November 14, 1877. (Received Dec. 26.)

SIR: In my last dispatch I stated that a negotiation was pending between the representative of the firm of John Roach & Sons, of New York, and the Brazilian Government, for the establishment of a line of steamships between New York and the ports of Brazil. I have the satisfaction now to state that the negotiation has been brought to a successful conclusion.

The contract entered into between the Government of Brazil and Messrs. John Roach & Sons was authorized by an imperial decree on the 10th instant.

The success of this important negotiation is due to the Emperor, who has felt great interest in it, and who gave it the benefit of his influence. There seems to have been much reluctance on the part of the minister of agriculture, whose department was charged with the duty of conducting the negotiation, to close the contract, but the Emperor so earnestly approved it that the minister yielded.

The contractors, Messrs. John Roach & Sons, undertake to provide a line of steamships of the first class for service between New York and Rio de Janeiro, calling at St. Thomas, Para, Pernambuco, and Bahia, making one voyage per month.

The imperial government contracts to pay Messrs. John Roach & Sons $100,000 per annum for the service, which is to continue for ten years. Some important advantages are secured by the contract to the Brazilian Government, among them the regular transportation of the mails, &c., between the two countries.

The leading journals here very warmly commend the contract, and anticipate large results from it. They believe that it will promote the interests of both countries.

The Journal do Commercio refers to my speech to the Emperor in connection with the success of the negotiation, and hopes that the Government of the United States will co-operate with the imperial government in this important enterprise. The Gazeta de Noticias refers to the "Hampton Roads great postal convention, where the navigation to Brazil was one of the principal matters of discussion."

It refers also to the plan of Messrs. John Roach & Sons "to establish a line between New Orleans and Saint Thomas, so that we may have direct communications with the Italy of the South, which makes the matter of greater importance."

I do not doubt that the line about to be established will be completely successful, and will contribute largely to the increase of trade and travel between the two countries.

I hope that our government will adopt measures for the advancement and extension of this great enterprise, and that we shall soon see a line of steamships making voyages between the principal ports of the United States and of Brazil.

I trust that I may be allowed to suggest that it would be well for the President to bring the subject to the attention of Congress at an early day.

I am, &c.,

HENRY W. HILLIARD.

No. 5.

Mr. Hilliard to Mr. Evarts.

No. 18.] UNITED STATES LEGATION,
Rio de Janeiro, May 23, 1878. (Received June 26.)

SIR: I have within the present week made several visits in an informal way, calling upon some members of the ministry who are regarded as very influential in the present government.

I saw at his house Marquis de Herval, so well known as General Ozorio, minister of war, and had an interesting conversation with him. He welcomed me warmly, and seemed to receive my visit with great satisfaction. He is a great soldier and enjoys immense popularity in the empire. His manners are warm and frank, and he conversed with freedom. He seems to feel a sincere interest in our country, and admires our institutions. He brings great strength to the ministry, and must exert a powerful influence upon the affairs of the empire.

I afterward called at the residence of Councilor de Sinimbri, chief of the ministry, and had a most satisfactory interview with him. He received me, as heretofore, with expressions of warm regard. This remarkable man is distinguished both for high moral qualities and for

his attainments; he is a statesman worthy of respect in every way, and he enjoys the confidence of the country. He is sincerely friendly to our country, and exhibits the greatest interest in its affairs. At our late interview he inquired as to the state of political affairs with us, and upon my replying that the country enjoyed the tranquillity which had resulted from the accession of the present administration to power, he expressed himself highly gratified. He expressed his sympathy with the course which had been pursued in regard to the whole country, embracing the Southern States, and said that it seemed to him to be eminently just. He said that the United States and Brazil were really one country, meaning of course that, occupying the American continent, their relations must be intimate and their interests the same. I expressed myself pleased with his statesmanlike views, and reminded him that I had uttered similar sentiments upon the occasion of my presentation to the Emperor. He assented, and was good enough to assure me of the regard which the Emperor and Empress both entertained for me. He repeated what he had said to me on a previous occasion, that the Emperor had, since his return from his late visit, expressed his strong approval of what he had seen in his travels in the United States. He then spoke of the interest with which he had read an account of the launch of the City of Para, at Chester, upon which occasion the President and Cabinet were present, and of the splendid celebration of the event. He thought that the increased facilities for rapid transit afforded by the new line of steamships would greatly encourage the commerce between the two countries, and said that our country would now be brought very near. I replied in the same spirit, and said that the first of the new steamships, the City of Rio de Janeiro, was to reach this port on the 25th instant, when I should go on board to welcome our friends. He replied, "Yes; and the Emperor wishes to go, too."

I was much gratified at this, for it satisfied me that the present ministry would exert its influence to give success to the bill in the chambers for the payment of the subsidy to the line of steamships which Mr. Roach has with so much enterprise decided to establish between the United States and Brazil. I hope that our government will be equally liberal.

It is very important that we should acquire the control of the commerce of Brazil. English capital is largely invested here; it is a rich field, with a great future, and we ought to be willing to spend money to open it to the people of the United States. Even if the immediate results should not be satisfactory in a pecuniary sense, we should persevere and make the country from which we receive such large importations the market for the products of the labor and skill of our people.

Since my interview with Councilor de Sinimbri, I have learned from the agent of the line here that the first installment of the sum to be paid to Mr. Roach is already provided. I am informed, too, that twenty-six thousand sacks of coffee have been secured for shipment in the new steamship, and that the amount will reach thirty thousand before the day of her sailing.

I passed last evening with a gentlemen who represents the Pacific Steamship Company of Liverpool, who gave me these facts, and who is the agent here for the new line from New York, and learned some important points in regard to its relations to the business of this port. He has ample means and lives with great elegance. His influence is fully exerted to give success to Mr. John Roach's enterprise.

I have, &c.,

HENRY W. HILLIARD.

No. 6.

Mr. Hilliard to Mr. Evarts.

No. 22] UNITED STATES LEGATION,
Rio de Janeiro, June 7, 1878. (Received July 15.)

SIR: The arrival of the first steamship of the new line between New York and this city, bearing the name of the capital of the empire, the City of Rio de Janeiro, is an event of so much interest and importance, that it may be regarded as making an epoch in the commercial relations of the United States and Brazil. It has been the occasion for the display of so much interest on the part of the imperial government as to constitute it an event of national importance. Soon after my arrival here Mr. William P. Tisdel, agent for Messrs. Roach & Sons, waited on me and laid his plans before me for establishing a line of first-class steamships between New York and Rio de Janeiro. He requested me to aid him in obtaining the favorable consideration of the imperial government for his enterprise. I heartily approved Mr. Tisdel's plans, and I did not hesitate to aid him with my good offices in the accomplishment of his important object.

In my speech to the Emperor on the occasion of my presentation to His Majesty, I spoke of the importance of the relations between the United States and Brazil, and expressed the wish that some measures might be provided for more rapid transit between the two countries. I brought the subject, too, to the attention of several members of the ministry, and persevered in manifesting my interest in the adoption of some measure by the imperial government to provide for the establishment of the proposed line of steamships, until I had the gratification to witness the final success of the plan submitted by Messrs. Roach & Sons through Mr. Tisdel, their agent.

With the sagacity and energy that distinguish this gentleman, he was able to conclude a contract with this government, which secured for the line of steamships the sum of $100,000 in gold per annum, to be paid in installments from time to time, after the arrival of the first vessel at this port.

Some months since a change of ministry took place; the liberals coming into power pledged to effect certain reforms, and especially to enforce a system of rigid economy in the expenditures of the government. I did not know how the contract entered into with Messrs. Roach & Sons might be affected by this event.

When the contract was concluded, it was understood that the chambers would meet in May, and the subject was to be submitted to them that an appropriation might be made in accordance with its terms. But upon the accession of the ministry to power, the Emperor, in the exercise of his constitutional authority, dissolved the chamber of representatives and ordered a new election to take place in November. The general assembly will not meet until December. I was therefore much gratified to learn that the new ministry favors the measure providing for the establishment of the steamship line between New York and Rio de Janeiro. In an interview with Senator de Sinimbri, the premier, I found that he regards the contract with Messrs. Roach & Sons with much favor. He is a statesman of large views, and comprehends the importance of such a plan for the encouragement of commerce between the United States and Brazil.

The Emperor is earnestly disposed to promote it; he is sincerely friendly to the United States, and the contract for the line of steamships

which will so much facilitate rapid transit between our country and Brazil has his hearty approval.

The City of Rio de Janeiro arrived in this port on Wednesday morning, May 29, with everything favorable, the sky unclouded, and the sea calm. I took the earliest opportunity to go on board and welcome the vessel.

I had an audience of the Emperor on Saturday evening, at the palace of San Christevas, and he made the arrival of the new ship the topic of conversation. He had accepted an invitation to visit the ship on the following Monday, and His Majesty evidently anticipated the event with much pleasure. He said that the Empress would accompany him, and when I took leave of him, after an extended conversation, he said cordially, "Adieu until 11 o'clock on Monday."

On Monday everything was propitious for the visit of their Imperial Majesties, the weather was perfect, the beautiful bay was smooth, and as the imperial yacht came up to the side of the City of Rio de Janeiro, the Emperor and Empress, attended by the ministers of state, with a splendid suite, were received on board the ship with a welcome so cordial and so respectful that they were evidently gratified. The arrangements for the reception could not have been improved. I received their Majesties as they entered the saloon, and the Emperor extended his hand to me in recognition of the greeting that I gave him, and at once entered into conversation in a way that gave to his visit all the ease of social intercourse.

Soon after His Majesty expressed a wish to see the machinery of the vessel, and was conducted below by Captain Weir, where I learn he made a most thorough examination.

I had the honor to conduct the Empress to the upper deck, and she seated herself in the large and handsome state-room of the captain, where she for some time received visitors, and several ladies and gentlemen of our country were presented to Her Majesty.

After His Majesty's return from an examination of the vessel, the party were invited to the saloon and partook of the splendid lunch which had been prepared for their entertainment. I was invited by His Majesty to take a seat by the side of the Empress, having on my right the premier, Councilor de Sinimbri, and next to him was the minister of foreign affairs, Baron de Villa Bella. Several tables were spread, and some sixty persons were seated. Captain Weir advanced and addressed a few words of welcome to their Majesties. I then rose and made a short speech to His Majesty and the Empress, which he acknowledged in a few kind words. Some few minutes later Councilor de Sinimbri rose and responded to my speech in terms that gratified me greatly, both for its tribute to our country and its reference to me personally as the representative of the United States.

I inclose a copy of the speeches, printed in the Anglo-Brazilian Times, an English paper published here. His Majesty conversed with me very freely, and evidently recalled the incidents of his visit to our country vividly and with great pleasure. He spoke of you in a way that showed his knowledge of you as a statesman, and asked after "Mr. Hamilton Fish" with interest. He said to me that he knew the President, and that he had met him in Philadelphia at the Exposition.

After lunch their Majesties visited the upper deck, where the Emperor received a number of gentlemen, and the Empress took a seat and was surrounded by ladies.

After having passed some three hours on board, the Emperor did me

the favor to invite me to assist Her Majesty to descend to the saloon and to conduct her to the side of the ship upon their departure.

The whole reception was in every respect most creditable to those who extended the invitation to their Majesties. It was at once splendid and hospitable; and while it was an occasion of rare pleasure to all who were present, none seemed to enjoy it more than their Imperial Majesties.

The City of Rio de Janeiro sailed for New York on Wednesday, June 5, carrying, I learn, some 37,000 sacks of coffee, valued at about $700,000, the largest and most valuable cargo that any ship has ever taken from this port.

I hope that our government will give to this line of steamships a generous and steady support. It is of the highest importance at this time to encourage American interests in this country. It affords a field for the employment of our capital, for the display of our energy and skill, a market for our products and our manufactures, and with this great country should our commerce grow into that large prosperity by which the interests of both nations will be advanced.

I have, &c.,

HENRY W. HILLIARD.

THE CITY OF RIO DE JANEIRO.

Since the arrival of the magnificent steamship City of Rio Janeiro, she has been visited by hundreds of people, and has been the topic of conversation among all who take the slightest interest in the development of the two Americas.

On the 3d of June their Majesties the Emperor and Empress, accompanied by a large number of Brazilian statesmen, visited the ship about which so much has been said. Among the distinguished visitors we noticed the president of the council, the minister of marine, the American and French ministers, Visconde de Rio Branco, Baron de S. Domingos, Senator Leitao da Cunha, Senator Silveira da Motta, Dr. Buarque de Macedo, Captain Mayo, commanding the Hartford, his lady, and a number of other ladies of distinction, native and foreign.

His Imperial Majesty, as is customary with him, visited the vessel thoroughly from stem to stern, descending into the engine-rooms and examining the splendid machinery with a zest that gave no heed to damage to his toilet.

After a minute examination was made of the fine vessel and its beautiful and comfortable accommodations for passengers, a profuse and delicious lunch, equal to any that even the famous Delmonico has produced, and well supplied with wines of the choicest vintages, was served to the guests, who received from Captain Weir, Mr. Tisdel, and Dr. Wilson the heartiest of welcomes and the kindest of attentions. Before, however, lunch commenced Captain Weir addressed a few words to their Imperial Majesties, thanking them for the high honor they had done the ship, and all connected with it, by their visit.

Mr. Hilliard, the American minister, said:

"As the representative of the United States I have the honor to welcome Your Majesty and the Empress on board of this ship, which bears the name of the capital of the empire, the City of Rio Janeiro.

"Its arrival constitutes an epoch in the commercial relations of Brazil and the United States: and it is, I hope, the harbinger of true prosperity, as well as of more intimate intercourse between the two countries. We shall develop the material interests and the elements of true civilization on this continent.

"Long may Your Majesty live to reign over this empire, and long may the flags of the United States and of Brazil float from the masts of our ships in friendly folds."

His Imperial Majesty then thanked Captain Weir and the representative of the United States for their kind expressions, and declared himself greatly pleased by his visit to a vessel which displayed in every part the perfection of naval architecture.

His excellency Sinimbri, president of the council, expressed his rejoicing at being able to participate in the inauguration of an enterprise which promises such great reciprocal benefits to both continents of America, and he trusted that the establishment of this line of steamers, which would so greatly facilitate the exchanges of the products of Brazil for the products and manufactures of the United States, would prove the

forerunner of other great undertakings here, such as the North American people were proverbial for. With all the Brazilian people he felt a deep debt of gratitude to the noble North American nation for the cordial manner in which they had received the august and beloved monarchs of Brazil during their visit to the United States, and it was with fervent prayers he joined with the worthy and distinguished representative of the United States in wishing that the friendly feelings which exist between their two nations shall be of long and felicitous duration.

After their Majesties' departure, which took place about 2 p. m., the vessel was visited by a great number of admiring citizens and foreign residents of Rio Janeiro.

No. 7.

Mr. Osborn to Mr. Evarts.

No. 18.] LEGATION OF THE UNITED STATES,
Santiago, Chili, November 2, 1877. (Received December 2.)

SIR: In the September number of Harper's Monthly appeared an article entitled, "The American laborer as seen by Europeans," which attracted my attention and seemed to me worthy of a reproduction here. I have therefore secured a faithful translation thereof, and had it published in the Ferrocarril, the leading daily paper of Chili.

The purpose of the writer of the article evidently was to direct attention to the great superiority of some of our American manufactures over those of Europe, and I cannot but feel that he succeeded in a marked degree. In my judgment a proper dissemination of correct information in regard to the manufactures of the United States among the people of South and Central America would result in great benefit to our country. The commerce of this country has been almost totally absorbed by Europeans, and the people are comparatively ignorant of the advantages which they would derive from a direct trade with the United States. To present the facts before them and have them understand that very many of the articles which they consume are manufactured in the United States, and are transported twenty-five hundred miles to Europe, and thence nearly ten thousand miles from there to this country, should, it seems to me, be the work of our government. By bringing the facts to the attention of the people and showing them that these same goods can be brought here direct from our country with half this distance of transportation, the way to a revival of our trade with Spanish America will be greatly simplified. I respectfully suggest to the Secretary of State that it would be good policy, in my opinion, to cause to be translated into Spanish and forwarded to the various diplomatic and consular representatives of the government in South America, short articles of this character, with a view of having them republished in the country to which they are sent.

Dr. Stephen Rodgers, a citizen of the United States, but now residing in Chili, has written some able articles upon this subject which have been published here in the newspapers. Dr. Rodgers was one of the commissioners of the United States to the Chili exposition of 1875.

I am especially indebted to Señor Alexander Corrasco Albano, formerly secretary of the Chili legation in Washington, for the very excellent translation into Spanish of the article referred to.

I inclose the article as published in the Ferrocarril, and send two copies of the paper.

I have, &c.,

THOMAS O. OSBORN.

Inclosure.—Spanish translation of the article referred to, from Harper's Magazine for September, 1877.

No. 8.

Mr. Osborn to Mr. Evarts.

No. 33.] LEGATION OF THE UNITED STATES,
Santiago, Chili, March 1, 1878. (Received April 2.)

SIR: A question has presented itself to my mind upon which I desire the advice of the State Department. It is as to the status of our treaty relations with Chili. I am aware that in 1849 Chili, in so far as it could under the first clause of Article XXXI of the treaty of 1832, terminated said treaty by giving the notice provided for in said article.

The treaty of 1832 was a treaty of peace and friendship and commerce and navigation. By reference to the clause above referred to it will be observed that each of the contracting parties reserved to itself the right to terminate the treaty at the expiration of twelve years in all its parts relating to commerce and navigation, but that in all its parts relating to peace and friendship it was to remain permanently and perpetually binding on both parties.

I have searched the archives of the legation in vain for some information touching the views of the Department of State as to the effect of the notice given by Chili. The legation does not seem to have been furnished with a copy of the notice. Article X of the treaty of 1832, as explained in Article II of the treaty of 1833, guarantees to the citizens of each country "transient or dwelling" in the other the full protection of the laws of the country in which they may be.

Does the notice given by Chili terminate this section, and thus leave to our citizens here such guarantees only as they may have under the public law, or does the section still stand?

Several sections of the treaty present the same question, but I have deemed it sufficient to refer to this one.

I attach some importance to the question in view of the effort which is being made in the United States to increase our commerce with this country. To effect much in this direction I anticipate that our manufacturers will consider it necessary to establish here branch business houses, but I am fearful that a total absence of treaty guarantees may have a tendency to deter our citizens from embarking in business enterprises here.

The government officials have been absent from the capital since early in January. They will probably return this month or next, when I will take occasion to sound the minister of foreign relations as to the desires of Chili concerning a new treaty with our government. I have some reason on which to base a belief that the Chili officials will be found ready to meet us half-way in the establishment of regulations which shall have in view the mutual interest of both countries, commercially and otherwise.

I have, &c.,

THOMAS O. OSBORN.

No. 9.

Mr. Osborn to Mr. Evarts.

No. 60.] LEGATION OF THE UNITED STATES,
Santiago, Chili, September 27, 1878. (Received November 7.)

SIR: The minister of foreign relations yesterday, in answer to a question which had been propounded to him in the House of Deputies, stated

that the Government of Chili, having been invited to take part in the late postal congress, had directed its representative in France to be present and participate therein. The resolutions then adopted have, he said, been received by the government here, and the government has determined to adhere to the postal convention celebrated at Berne. Thus, at least, it appears that the long-continued and earnest efforts of the United States to induce the South American governments to become a part of this great international postal system are about to be crowned with success. It is to be hoped that the arrangement of the details necessary to place this country in close communion with ours under this beneficent system, may not be long delayed. The postal department is endeavoring to conclude a contract with the Pacific Steam Navigation Company for the transmission of the Chilian mail to Panama. The former contract terminated on the 1st of July last, since which time the mails have been carried under a temporary arrangement. It was held that the expired contract provided only for the mails from Chili to Panama, and way points, but the one under advisement will, I am assured, cover all the mails forwarded from Chili for foreign countries. I am not advised, as yet, of the intentions of the government here regarding the forwarding of its mails to the United States from Panama, and I am quite as ignorant of the purposes of our government concerning the transmission of its mails from Panama south.

It seems to me that it would be advisable for the United States to arrange, if possible, with Chili and Peru for an exchange of mails at Panama, they to pay all expense of forwarding south of that point, and our government to pay all expense north thereof.

I have, &c.,

THOMAS O. OSBORN.

No. 10.

Mr. Osborn to Mr. Evarts.

No. 65.] LEGATION OF THE UNITED STATES,
Santiago, Chili, October 24, 1878. (Received November 26.)

SIR: By this mail I have the honor to forward a copy of the commercial statistics of Chili for 1877, just issued. The *résumé* in the first pages of the volume is from the pen of the talented chief of the bureau of statistics, Señor Manuel Guillermo Carmorno, and is well worth a careful perusal. It is clearly and concisely written, and shows, systematically, the progressive stages in Chili's course toward her present depressed financial condition.

He selects, first, the decennial period from 1864 to 1873, and his figures show, during these ten years, an excess of imports over exports of $16,187,732.03. I inclose an English translation of what is said under this head. He then follows with a statement for the years 1874, 1875, 1876, and 1877, from which it will be observed that during these four years the deficit in exports amounted to $33,605,721, or more than double that of the previous ten years. I inclose translation.

Of 1877 he says that the value of the trade was inferior to that of the previous year by nearly fifteen millions of dollars, imports diminishing 18.94 per cent. and exports 21.49 per cent.

"In the annals of the republic" I quote, "there is no precedent of a similar retrogression in the value of our trade."

The translation which is inclosed will be found to contain some valuable tables showing the relative sources of this depression and its progress.

Under the sub-head of "commercial situation of various nations," the author proceeds to review the present condition of trade in the principal countries of the world.

Of France, he says that "while of late years she has astonished the world by her astounding industrial wealth, she now sees her industry and commerce decline to such a degree as to be without precedent except in her most calamitous epochs."

"The economic and mercantile condition of Great Britain," he states, "seriously engages the attention of that country, so jealous of its preponderance. Thousands of her factories are paralyzed, her most important products depreciated, and the workmen are on strike or obliged to receive low salaries. *The cotton manufactures of the United States compete successfully, by their cheapness, in every market with those produced by British industry!* The progressive movement of imports continues its course, and is greater every year. In 1876 it was 1,875 millions of dollars, and rose to 1,970 in 1877. Exports continue to decrease: In 1876, they fell to 1,003 millions of dollars, and to 993½ millions in 1877." In accounting for this extraordinary reverse in the trade of this great country, the statistics mention, among other causes, "the depreciation in silver in many countries with which England holds commercial relations, and the increasing competition of the Anglo-American industry."

Of Germany, he says that "the export trade languishes at the same time that the importation of alimentary substances increases and the products of the national industry become dearer."

In contrast with this sorrowful picture it is pleasant to read what this gentleman has written concerning the United States. I quote:

"In the two last years the industrial progress of the United States has effected a veritable revolution in commerce generally. Her cheap and perfected machinery, her numerous and admirable inventions, her manufactured goods of general consumption, as cotton and woolen fabrics, iron-mongery, watches, instruments, &c., find ready sale in every market from their good quality and low prices. Innumerable factories, supplied at little cost with cheap and excellent raw materials, take advantage of the reduction in wages to produce on a grand scale.

"The government, Congress, merchants, and manufacturers labor to give a greater expansion to the exuberant wealth of the country. Means of rapid and easy communication are created with the nations of the American continent, to whose trade due importance had not hitherto been given; the restrictive customs' tariffs are reformed in a liberal sense, and an active propaganda is established to insure to the national merchandise a vast consumption.

"Interpreting this aspiration, to-day so universal in the great republic, President Hayes said in his recent message to Congress: 'The importance of the development of our foreign trade, especially by means of rapid and direct exchange with the states of this continent, cannot be overestimated; and it is especially advisable that our own vessels should receive, as much as possible, the benefit of the trade with other countries. These considerations are pressed upon our attention by all our great commercial cities, and public opinion is justly interested in the solution of this problem.' The exports of the United States last year amounted to $658,637,457, and the imports to $492,997,540. Comparing these results with those of 1873, which gave the highest figures, the imports have diminished by $171,519,607, and the exports increased by

$51,549,566. In the customs revenue there was a decrease of $17,115,492; and of $85,413,794, compared with 1872.

"To discover any deficit in the finances of this prosperous nation, it is necessary to go back to the extraordinary years of the civil war, 1862 to 1865. In the latter year, the deficit reached the enormous sum of $895,673,041, without including the loans or the interest of the debt."

This branch of the report is being published in the newspapers of the country, and it cannot fail to have its influence in commercial circles. In fact, its beneficial effect can already be felt. The importers of Chili are nearly all foreigners, and are confined principally to the English and Germans. They have their home connections; and it can hardly be expected, therefore, that they should encourage the building up of a competing commerce. American dealers in Chili are exceedingly scarce, and such trade as we have here is absolutely forced upon the European merchants by reason of the demand for our goods. The attention of the public is being directed to the superiority of our manufactures, and the desire for an improvement in our commercial relations is becoming quite general; but if our business men would reap the full benefit of this, they must establish commercial houses here, and place their goods here in competition with the importations from Europe.

I have, &c.,

THOMAS O. OSBORN.

The following are, then, the figures of our home trade during the decennial period from 1864 to 1873:

Imports	$264,243,552
Plus 25 per cent. (not including in this $7,887,069 in gold and silver coin, and $281,817 in bank-notes)	64,018,669
	328,262,221
Less re-exportation	14,767,702
Net imports	313,494,519
Exports	301,916,278
Less bank-notes	4,609,491
Net exports	297,306,787
Excess of imports	16,187,732

If various items were excluded from the imports, whose value amounts to many millions of dollars, that should not figure as international exchange, the above excess would disappear or would be insignificant.

There should also be considered the remittances made to foreign countries by national capitalists in nitrate brought from Peru during the years 1864 to 1873, whose value may be estimated at 50 millions of dollars, as also the exports of Bolivian nitrate and silver ores from the Caracoles mines, belonging chiefly to Chilian companies.

Taking into consideration the "Descubridoras" alone, the value of the silver produced by these mines since 1871 (the year of their discovery) till 1873 amounted to $8,886,500, and the production of the remainder is estimated at double this sum.

The value of the nitrate exported since 1870, when the export commenced, till the same year (1873) was $1,542,655.

As will be seen, the international exchange, in the *decennium* terminating in 1873, when the formidable commercial crisis supervened, was very favorable to the national wealth. Lulled into a sense of false security, nevertheless, by an ephemeral prosperity, the excessive consumption continued, and the failure of many speculations, the depreciation of silver and copper, the falling off in the production of wheat, and the disequilibrium in the national finances, have made their baneful influence felt of late years.

Let us observe the course of trade in the period from 1874 to 1877.

The amount of imports ascended to $141,059,034, and that of the exports to $139,954,762; deficiency, $1,104,272.

Repeating our former operation during these four years, there results:

Imports	$141,059,034
Plus 25 per cent. (not including $773,005 in coin and $218,818 in notes	35,016,803
	176,075,837
Less re-exportation	5,650,086
Net imports	170,425,751
Exports	139,954,762
Less bank-notes	3,134,732
Net exports	136,820,030

The deficiency in the exports amounts, during these four years, to $33,605,721; that is, to double the sum corresponding to the deficit in the previous ten years.

It is advisable, nevertheless, to observe, in order that an absolute value may not be attributed to statistic results, that the frequent variation in the tariff does not permit an exact comparison to be drawn between the values of trade during a long period, since the valuation is altered in favor of the revenue or of industry or to rectify statistic estimates. Thus, in the item of live stock imported from the Argentine Republic between the years 1875 and 1877, there would have to be deducted a sum of more than two millions for the higher valuation placed on that merchandise.

During the same four years the production of silver ores in the Descubridora mines, although in decadence, is estimated at $9,154,560.

The production of nitrate on the Bolivian coast increases yearly, and from 1873 to 1877 amounted to $3,270,559. The value of the Peruvian nitrate negotiated in Chili during this period was $25,500,000.

Among the values contributed to the international exchange, we have reckoned the coin introduced into the market and that exported; for Chili is a silver-producing country, and pays for a good part of the goods she consumes in bullion and coin of this metal. If we only took into account articles of consumption reproductive or improductive, as done generally by statisticians, the results above noted would vary considerably. But as the national industry and production are yet limited and insufficient to balance our consumption, the exportation of coin will occupy an important place for some time to come. Although an exact amount of its quantity may not be obtainable, owing to the facility of eluding custom-house inspection, figures given by statistics are sufficient to show the course of our exchange.

In the nine years preceding the memorable one of the crisis, the export of national gold and silver coin amounted to $6,500,000, and that of nationalized coin to $3,000,000; but during the five and a half years following, ending June 30, 1878, the export of national coin doubled itself, and that of nationalized exceeded $900,000.

Examining the course of imports since the year 1873, it is observed that notwithstanding the depression of trade, consumption increased in 1874 and 1875, at the same time that exports diminished. In 1876 the effects of the crisis were felt in all their intensity, and importation retrogressed to a level with that of 1872. In 1877 it was lower than that of 1876 by $6,000,000, and by $9,000,000 to that of 1874; at the same time that exports exceeded imports by $500,000.

Production has diminished, credit is restricted, gold disappears from circulation, and silver is being swept away by the same current. There is deficiency in the national revenues, depreciation in property, and paralyzation in commerce and industry. In all classes of society and in nearly all classes of consumption, statistics manifest that economy is a necessity that is generally felt—that it is unavoidable.

The country has resisted for some time, with greater energy than others richer and more industrious, the devastating influence that to-day prostrates the vitality, the pride, and the power of those who have the advantage over us of ages of experience and culture, in the habits of labor, of economy, of industrial genius, and in natural wealth.

This situation has been aggravated by a series of accidents which impede the development of our prosperity, and has caused an opinion to be entertained that it is necessary to protect our nascent industry, to create it, to work our natural products, which only await capital, intelligence, and labor to be transferred into new wealth.

We have depended much on the gratitude of the earth, but that requires the advantages of climate, air, sun, and water, which scatter in her bosom the germs of fertility; and these benefits are not always permanent. Wheat and copper have been the principal products of our embryo industry since the already remote colonial epoch. Three-quarters of a century have passed, and we still continue depending on chance for a prosperous or ruinous year. The life, the prosperity, the credit of a nation should not be subjected to a blind force—the slaves of the caprice of atmospheric perturbations, of the good or bad luck of the miner who burrows in the earth in search of for-

tune. Intelligent industry, guided by science, which moves by known and sure paths, which knows how to utilize even adverse forces, can alone assure the wealth and economic future of a country.

The value of the home trade in the year 1877 was inferior to that of 1876 by nearly 15 millions of dollars: imports diminishing 18.94 per cent. and exports 21.49 per cent.

In the annals of the republic there is no precedent of a similar retrogression in the value of our trade. The highest that can be found was in 1861, when it amounted to $10,596,837.

In every branch of exports there was a diminution; the products of agriculture fell off 8.61 per cent.; mining, 23.61 per cent.; manufactures, 15.55 per cent.; nationalized goods, 31.61 per cent.; miscellaneous, 32.49 per cent.; national gold and silver coin, 60.34 per cent.; and nationalized gold and silver coin, 32.18 per cent.

In the classification by nations, the largest falling off corresponded to Great Britain, $5,938,544, or 27.78 per cent.; France following with $1,035,031, or 23.21 per cent.; Peru, with $1,027,021, or 23.08 per cent.; Uruguay, with $372,946, or 49.97 per cent.; Brazil, with $189,861, or 67.33 per cent.; and the Argentine Republic, with $123,177, or 25.96 per cent.

The national products which suffered the most notable variations were the following:

	Increase per ct.	Decrease per ct.
Cattle	.....	31.28
Barley	.....	24.08
Charqui	.....	41.42
Hides	88.83	.....
Flour	.....	23.47
Wool	14.55	.....
Building timber	.....	47.09
Nuts	.....	20.66
Potatoes	.....	19.44
Hay	.....	21.22
Cheese	.....	22.08
Leather	63.08	.....
Wheat	.....	9.89

In seven of the principal articles of agricultural produce—cattle, barley, flour, timber, potatoes, hay, and wheat—there is a diminution of $1,042,970; but hides, wool, and leather increased by $504,434. There was no notable change in the export of wax, fruits, honey, nuts, cheese, and wine.

The condition of national agriculture being aggravated by the bad harvest of the previous year, the exports have fallen still lower during the first half of the present year. In only five articles—barley, flour, wool, timber, and wheat—there has been a diminution of $1,772,285, or 44.91 per cent., as follows:

	1877.	1878.
Barley	$412,425	$314,863
Flour	443,319	390,360
Wool	394,923	441,121
Timber	59,108	55,073
Wheat	2,636,457	972,530
Total	3,946,232	2,173,947

The export of leather continues to increase in this half-year: in 1877 $302,855, and in 1878 $405,240—nearly equal to the whole exported in 1876.

In the total diminution of $1,772,285, there corresponds to Great Britain, for barley, flour, wool, and wheat, the sum of $1,680,884, or 94.84 per cent.

In the same period the export to Peru also increased, of bran, flour, timber, and wheat, 20.56 per cent., and that of leather to Germany, 41.41 per cent. That of barley, timber, and wheat to Bolivia diminished 50.34 per cent.

Two principal causes have combined to reduce so considerably, in the previous year, and especially in the present, our wheat and flour trade: the heavy crops of the United States, and the exceptionally bad ones we have had the last two years.

The harvest of the United States in 1877 was superior to all previous ones. The production of wheat is calculated at 325 millions of sacks, and that of the State of California alone is estimated at 26 million dollars.

Great Britain imported from that nation in 1877 enormous quantities of this cereal at very low prices. At the close of that year the price of wheat per 100 kilos. fluctuated in the London market between £1 5*s.* 10*d.* and £1 8*s.*; and that of flour between £1 13*s.* 7*d.* and £1 18*s.* 5*d.* At the same time that this decline, so unfavorable to the principal article of our agricultural exports, took place, the month of April surprised

us with a rise almost unprecedented even in the most calamitous years. The price of wheat per fanega rose to $5.80 and that of flour to $13. It was then that orders were sent to San Francisco, Cal., to Montevideo, and to Buenos Ayres, which sent us a few cargoes.

These importations and the good result of the harvest in the southern agricultural region of the republic prevented the scarcity from continuing, and prices were not long in declining. But the exportation remained paralyzed, our returns to Great Britain being so insignificant that our exports of wheat scarcely reached in the first half of 1878 4,792,657 kilos., against 37,772,971 in the corresponding period of 1877. Not a single kilogram of flour was exported.

In the first week of last July the decline in the price of wheat continued in the British markets. The quarter was then 46*s.* 9*d.* and 64*s.* on the same date of 1876.

In the European markets a still greater decline was expected.

The actual wheat harvest in the United States is superior to the preceding by nine million quarters.

With the termination of the Turko-Russian war, which seriously threatened the peace of Europe, confidence has been re-established, and Russia and the Danubian principalities begin to send to the consuming markets the large stocks that had accumulated. According to the Statist of London, of June 29 last, the impending decline in wheat will be one of the most exceptional within memory, and will not be repeated during the present generation.

Comparing our export of wheat and flour for the last ten years, its rapid decline is very remarkable. The years 1848 to 1853 were memorable from the exports of flour to California, as also those of '54 to '56 and '64 to '67 by the export of that cereal to Australia. Since then our agriculture has suffered many alternations. The export of flour rarely reached the level of 1855, 31,886,786 kilos.; and in the last ten years, it has declined from the figure of '71 to the half, the third, and in '77 to the quarter.

In 1867 and '68 the export of wheat to Great Britain increased considerably, and although falling off somewhat in the following years, recovered its importance from '71 to '74, but again retrogressed subsequently. The return of this cereal to foreign markets in 1877 was inferior to that of all the preceding years since 1871.

The following is a comparative table of the exports referred to in the decennium from 1868 to 1877:

	Flour.	Wheat.
1868	29,129,551 kilos.	116,034,467 kilos.
1869	33,170,452 "	62,908,779 "
1870	23,061,371 "	65,563,524 "
1871	40,781,891 "	102,513,176 "
1872	24,756,809 "	109,728,058 "
1873	26,805,490 "	111,531,895 "
1874	38,735,503 "	159,258,921 "
1875	23,641,750 "	82,707,043 "
1876	14,505,963 "	84,714,329 "
1877	10,945,357 "	69,515,376 "
Total	265,534,137	964,475,568

MINING.

Notwithstanding the obstacles which impede the development of this important branch of the public wealth, the falling off in the export has not been so great considering the extraordinary decline in the price of copper, the exhaustion of our silver mines, and the depreciation of the latter metal.

Examining the export of Chilian copper from 1868 to 1877, it is recognized that there has not really been any decadence. The year 1868 began with $12,188,454, and this figure did not decline, but on the contrary increased, in the following years. In 1876 it rose to $19,646,187, and fell in 1877 to $14,141,717, or 28.01%; but this exportation was superior to the annual average of this decennium, $13,996,981.

The exports of bar copper reached in 1876 to $16,079,969—double the quantity corresponding to all the previous years except 1875, when it was $11,000,000. In 1877 it diminished $4,312,014, or 26.81%.

Copper regulus fell 50% in 1877, from the figure of 1876; in the years 1870 to 1871 and 1873 to 1875 it reached the third, or little more, of this figure; and the fourth in 1869. The same decline is noticed in regulus of copper and silver, and in copper ores.

As the accompanying comparative tables show, bar copper is represented in the exports of the decennium by 65.21%; copper regulus, 23.65%; silver and copper regulus, 7.63%; copper ores, 3.35%; and copper and silver ores, 0.16%.

There is an increasing decline in our export of bar silver and silver ores. Although it rose slightly in 1876, it has declined since 1869, and is very inferior to the years 1871 and 1873 to 1875.

Copper represents more than three-fourths of the annual average export of mining produce; silver only the ninth part. In this calculation is included $16,461,214, for national gold and silver coin exported in the decennial period from 1868 to 1877.

The proportion of silver in amalgam and bar to the total of that metal exported in diverse forms is 91.09%, and that of regulus and ores 6.27%.

In the first half of 1878 the export of bar copper increased $536,335, although that of regulus diminished $256,611, and that of ores $163,146.

The total value of the copper export was $6,740,036 in 1878, against $6,593,023 in 1877, or an increase of 2.23%.

The export of silver also progressed from $687,216 in 1877, it rose to $850,034 in 1878, or 23.69%; but silver in amalgam and bar increased 35.29%.

The progressive decline in the price of copper, which commenced in January, 1875, has caused a general alarm in this important industry, the consequence of which has not been long in making itself felt in the production, already greatly impeded in its progress by various causes. In December, 1877, bar copper was quoted in London at £63 10s. per ton. It had fallen £12 10s. since January 1, 1877: £18 and £20 10s., respectively, since a like date in the years 1876 and 1875. In the present year there have been still lower quotations.

This has greatly discouraged national producers and speculators, who in the previous year were not even favored by the premium on exchange, as in 1876.

It is nevertheless believed, on good grounds, that this evil is not so grave nor will be of so long duration as was at first believed. Neither has the production of other countries increased, nor has the consumption diminished, in the alarming proportions attributed to them.

Two principal causes of a distinct character—the one general and the other domestic—have originated the crisis that now paralyzes the principal source of our public wealth.

The first of these causes is multiplex. Firstly, the intense depression that exists in the great industrial centers of Europe and America, manufacturers and workmen, capital and labor; complicated with grave questions on wages, tariffs, protection, and free trade, now disputing for supremacy. Secondly, the perturbation and anxiety caused by such contrary currents, increased by the war in the East, which kept our chief consumer, Great Britain, in anticipation of the gravest events.

We should also note, among the concurring causes, the more general application that is daily made of iron—a substance at once abundant and cheap, and the competition of other countries, which have greatly increased their exportation of late years—as Canada, which introduced into Great Britain in 1876 a quantity equal to that of the four years preceding; the Cape of Good Hope, Italy, &c., as may be seen in the table of the imports of copper into the United Kingdom during the five years from 1872 to 1876.

The other cause has reference to the cost of production, which has increased, at the same time that the production has diminished. The agriculture being impoverished which feeds those producing centers, and receives life and prosperity from them, articles of prime necessity have risen; and this condition is still more aggravated by the difficulty of obtaining capital, from the higher rate of interest and restriction of credit.

An industry that battles so energetically against such misfortunes, certainly merits the protection recently accorded it by the national Congress, by abolishing the export duty on copper.

Comparative table of the exportation of copper from 1868 *to* 1877.

Years.	Bar copper.	Copper regulus.	Copper and silver regulus.	Copper ores.	Copper and silver ores.	Annual total.
1868	$8,211,729	$2,905,250	$781,340	$286,660	$3,375	$12,188,454
1869	5,662,411	5,299,442	925,412	596,122	.....	12,483,387
1870	8,067,178	4,251,372	346,185	208,064	17,087	12,889,886
1871	5,947,283	4,612,900	1,640,068	115,083	50,446	12,365,780
1872	8,129,325	2,362,931	3,060,803	1,698,727	8,689	15,260,475
1873	8,310,377	3,316,811	831,181	431,221	51,789	12,941,379
1874	8,143,661	3,543,761	860,473	315,603	17,059	12,880,557
1875	10,950,504	3,018,149	739,021	410,552	53,763	15,171,989
1876	16,079,969	2,519,741	755,181	284,609	6,687	19,646,187
1877	11,767,955	1,270,788	747,645	346,589	8,740	14,141,717
Total product	91,270,392	33,101,245	10,687,309	4,693,230	217,635	139,969,811

Comparative table of the exportation of silver from 1868 *to* 1877. *

Years.	Silver, in bar and amalgam.	Silver ores and regulus.	Argentiferous lead, in bars.	Silver and lead ores.	Silver and gold ores.	Annual total.
1868	$3, 129, 551	$37, 219	.....	$31, 532	.....	$3, 198, 302
1869	3, 300, 943	58, 221	$23, 830	.....	.....	3, 382, 994
1870	1, 828, 409	272, 090	.....	21, 481	.....	2, 121, 980
1871	2, 409, 033	314, 605	88, 091	55, 145	.....	2, 866, 874
1872	1, 664, 599	127, 722	39, 435	38, 017	$880	1, 870, 653
1873	2, 917, 225	69, 223	.....	38, 988	46	3, 025, 482
1874	2, 992, 818	124, 149	.....	27, 774	12, 034	3, 156, 775
1875	2, 938, 510	212, 682	31, 907	9, 468	8, 520	3, 201, 087
1876	1, 394, 565	398, 095	77, 090	.....	1, 817	1, 871, 567
1877	1, 724, 046	58, 999	128, 291	.....	69, 504	1, 980, 840
Total product	24, 299, 699	1, 673, 005	388, 644	222, 405	92, 801	26, 676, 554

In the production of coal an increase is observable; in 1877 it rose to 405,325 tons. Nevertheless, the export of this article is less than that of 1876, as will be seen by the following:

	1876.	1877.
Exports to foreign ports of native coal	$588, 246	$487, 709
Do., nationalized do	165, 216	23, 651
Do., coasting trade†	2, 441, 310	2, 270, 703
	3, 194, 772	2, 782, 063

The total diminution was $412,709.

No. 11.

Mr. Dichman to Mr. Evarts.

No. 10.] LEGATION OF THE UNITED STATES,
Bogota, October 17, 1878. (Received November 23.)

SIR: In order to communicate to the department before the meeting of Congress the latest information on the subject of the political condition of this country and its commercial relations with the United States, I would respectfully submit the following report.

The administration of the United States of Colombia is conducted at present by General Julian Trujillo, who was elected President as a member of the Liberal party, was inaugurated April 1, 1878, and whose term of office will expire April 1, 1880, a constitutional provision making him ineligible for a second term immediately after the first.

The party in power is called Liberal in contradistinction to the Conservative party, which made an unsuccessful effort to obtain power during the insurrection (here called revolution) of two years ago, in which the army of the Conservative party was defeated by the government forces under command of General Trujillo, and the power of the Liberal party was firmly established for some years to come. It is difficult to understand the differences between the two political parties, except that in an indefinite way the Conservatives are supposed to be identified with and the Liberals opposed to the Catholic Church, otherwise the most careful inquiries fail to elicit any difference of principles in the administration

*Silver coin is not included in this table, of which large quantities have been exported, especially in the last three years. In 1876 the exportation of this coin amounted to two millions, according to the custom-house returns, and in 1877 to a million and a half; without taking into account the sums which escape fiscal inspection.

†In the coasting trade tables no distinction is made between national and nationalized goods; but more than 90 per cent. of the coal corresponds to the port of Coronel.

of the government. The presidential term being so short, only two years, agitations for the succession are always in order, and pervade all the state elections, the doctrine of state rights being firmly established here to an extent which the most violent supporter of the doctrine in the United States would not dream of. The Conservatives being disorganized, although numerically very strong, the next presidential contest will be between the two wings of the Liberal party; but as the issues are merely personal, it would require an intimate acquaintance with the Colombian statesmen (and there are a great many) to form an opinion as to the chances of success of either side. The administration of General Trujillo appears to be deservedly very popular on account of the unquestioned honesty of General Trujillo, the purity of his motives, his success as a general and good conduct during the late war. It is hoped, principally owing to General Trujillo's personal influence, that the next election will pass off without an attempt at a revolution, in which case no political disturbances are anticipated for some time to come, and the country will have an opportunity to recuperate from the wounds inflicted by the late civil war, from the effects of which it is yet suffering.

The relations between Colombia and foreign countries appear to be friendly, but, aside from the question of treaty stipulations, it seems to me that the Government of the United States has a greater interest in this republic than any other foreign government can have. The proximity to our country and similarity of institutions give us the advantage of a political sentiment in our favor which cannot exist for any other nation, and which a wise policy will foster and strengthen, for out of it will come an increased intercourse between the two countries and corresponding commercial advantages.

The intercourse between myself and the officers of the government has been of the most pleasant nature, and, in making the suggestions which will appear further on, I have been influenced by the hope of being able sooner or later to turn the bulk of the commerce of this country from its accustomed channels so that it will find its way to the United States.

In many respects the commerce of this country offers a very inviting field to the American merchant or manufacturer. Owing to the conditions of the climate a competition in the way of manufactured goods need never be apprehended; the country requires everything manufactured in the United States, and can offer in exchange a variety of tropical productions which we need. Owing to the disturbed political condition of the country and the falling off in the yield of quinia bark and tobacco, the foreign trade of Colombia has declined considerably within the last two years, but the cultivation of coffee, the production of many textile fabrics, materials for paper-stock, and the development of the mineral wealth can hardly be said to have commenced. American goods, notably dry goods and hardware, have already gained quite a foothold for themselves in the market of Colombia, the superior excellence of the goods, at the same prices as the foreign article, being readily conceded; while the trade in supplying the coast States, in fact the entire Magdalena Valley, with flour, soap, vegetables, and candles has assumed no inconsiderable dimensions.

Among the chief difficulties in the way of commerce with the United States are the well-established connections with Europe and the habit of trading there; also the want of knowledge on the part of our exporters in selecting, preparing, and packing goods for this market. The people in this country are used to certain patterns, sizes, and quantities in piece goods, and as all the transportation has to be done by mules, the pack-

ages have to be so arranged as to load easily and not exceed a certain weight. All of these objections will be overcome readily in a short time.

To the objection to commerce with the United States which I have heard frequently mentioned in different parts of the country, that European houses will give long credits and American houses not, I am not inclined to attach any importance, for the time will come, and that speedily, when in trading with this country the merchants of Europe will have to adopt our way of doing business. If we can make it to the interest of Colombian merchants to buy in our markets they will do so for cash or on short credits. In fact a reform in the credit system would be a decided improvement in the way of doing business in this country, where all foreign trade suffers alike under the revenue system of Colombia and the State governments. It is peculiarly hard on flour and other American articles consumed in the valley of the Magdalena. As the Department is aware, the revenue of Colombia is raised from three sources, viz:

1. The monopoly of the salt mines.
2. The Panama Railroad subsidy.
3. Custom duties.

In regard to the latter, a classification of articles has been introduced and a specific duty by weight is collected upon the articles of each class. It may readily be seen that this system, while it has the merit of simplicity, bears very unequally on the goods of the same class. Cotton goods of all kinds, arms, bronze goods, white wax, manufactured copper, blank books, and a number of dissimilar articles all pay the same duty of 40 cents per kilogram. The evils of this system are recognized by many public men of this country, but the calls on the public treasury are so large, constant, and pressing, that in their opinion it would be difficult to make an experimental change in the tariff in the face of the requirements of the treasury.

But the special difficulty to which flour and similar articles for consumption are subjected is the duty or consumption-tax of the different States, which is collected when the article is introduced into the State, and after it has paid the duty at the custom-house of the national government. In most cases this duty or tax is so high as to be almost prohibited in its operation, and as these articles can be imported only from the United States, a lower tax or duty fixed for a number of years would increase their consumption very largely.

With a view of knowing some of the difficulties under which our commerce labors on account of the revenue system of the federal and State governments, and in order to place the United States in a position of advantage in regard to the trade of this country, I am now having prepared at the treasury department of Colombia statistics of imports and exports applying to certain articles, looking to a proposition on the part of the Colombian Government to be made to the Government of the United States to reduce materially the duty on American dry goods and beer, in exchange for a remission of the duties in the United States on Colombian tobacco. Dry goods are the leading article of commerce with this country, and if an arrangement can be made by which the Colombian merchants will buy their dry goods in the American markets, all their other trade will naturally follow. I shall discuss and report on this subject more at length in another dispatch, when I shall have obtained the statistics. Further, it is my intention, by means of correspondence through the state department here, and, if necessary, by personal visits to the different State capitals, to secure at least a reduction of the tax on articles of consumption of American origin.

The infrequency of communication with the United States from the principal seaports of this republic is also one of the impediments to commerce between the two countries, and while I do not wish to express an opinion in favor of what is commonly known as a subsidy for steamships, yet I am satisfied that if the Government of the United States would pay a liberal sum for the carrying of the mail at frequent and regular intervals, particularly to the port of New Orleans, I have reason to believe that a proportionate amount of money could be obtained from this government. I suggest New Orleans on account of its proximity, and that an opportunity would be afforded to our Southern railroads to transfer to the United States the passenger and freight traffic which now exists between this country and Europe by sea. In this way the time between this country and Europe could be shortened and a part of the sea-voyage avoided; but the principal advantage to the United States would be in the fact that in passing through the United States the Colombian merchant would find it impossible not to become interested in our commercial and manufacturing centers, and our merchants would have an opportunity of becoming acquainted and establishing personal relations with the commercial men of this country. Nor can the advantages arising from the establishment of a frequent and regular mail-communication be our estimation in increasing the commerce between the two countries. In these days of steam the post-office is the great auxiliary of commerce. The samples sent with each changing fashion bring to the consumer the store or factory of its merchants and manufacturers, and the market-price sent by mail brings to the door of every one the markets of the world.

A regular mail communication from the coast to the United States would also have a tendency to increase the regularity of the mails in the interior, an improvement which is much to be desired.

But not only would regular and frequent communications increase the direct exchange of commodities, there is another advantage which would accrue, namely, the continuation of public improvements which, with a better acquaintance between the people of the two countries, would naturally fall into the hands of our people. The crying want of this country is roads—common roads and railroads—and nobody is better qualified to build them than the engineers and contractors who have gained their experience from building and constructing the railroad system of the United States.

A matter of some importance, if not directly in a commercial point of view, yet of some consequence as affecting the future political and commercial relations between the two countries, is the number of students who go to Europe every year from this country for the purpose of being educated. By bringing the advantages of our educational institutions to the notice of the people of this country, much can be done to have these students sent to the United States, for there, after all, is the country where, by daily observation and contact, the students from this country can learn how a great people can govern itself under republican institutions without the constant fear of political disturbances.

Considering the limited means at the command of the Government of Colombia, much is being done for the cause of education, and in my conversations with the superintendent of public instruction I have impressed him with the advantages of sending to the United States for teachers in the normal schools, and I am well assured that if it should be desirable to employ foreign teachers they would be selected from the United States. There is a great desire here to know more about the workings

of our government, and nowhere can this be taught better than in the schools of this country.

Of course it is not to be expected that the suggestions which are contained in the foregoing statement can be carried out immediately, but if they should meet with the approval of the department, and thus become an outline of a general policy to be pursued by the government, its representatives and agents, there is no doubt but that in time they would meet with success, and not only greatly increase our commerce with this republic but also prove a great benefit to this people in assisting them to maintain republican institutions.

I am, &c.

No. 12.

Mr. Dichman to Mr. Evarts.

No. 18.] LEGATION OF THE UNITED STATES,
Bogota, November 7, 1878. (Received December 10.)

SIR: Inclosed is a letter addressed to me by the Hon. Salvador Camacho Roldan, secretary of foreign relations, on the subject of a reduction of the duty on Colombian tobacco in the United States in exchange for the free admission of American beer, and a reduction of 25 per cent. of the duty on American dry goods imported into this country.

As far as the trade with this country is concerned, the importance of the proposition cannot be overestimated. As Dr. Camacho points out, dry goods form the bulk of the importations into this country, and I am satisfied that as they would all have to be bought in the United States under a reduction of 25 per cent. in duty, all the other trade would follow. Nor would the free admission of American beer form an inconsiderable item, for beer of all kinds is kept out now by the prohibitive duty, and the free admission of American beer would cause a large trade in that article; of course I am not in a position to state how much the duty on Colombian tobacco can be reduced, but I am satisfied that the amount of tobacco which would be imported into the United States would be inconsiderable. But if we can have American dry goods admitted with a reduction of duty of 25 per cent., everything which this country will buy will have to come from the United States. I am so thoroughly impressed with the advantages resulting from such a step that I have worked hard to obtain a definite proposition, such as contained in Dr. Camacho's letter, as a basis for calculation.

I trust that the department will consider the principle of the proposition favorably; as far as the details are concerned, they can be readily arranged at any time. If the department sees fit to entertain the proposition at all I should advise sending me a telegram, which can reach me inside of a week by way of Aspinwall, simply with the word "Yes," and I shall then prepare all available statistical information in order to send or take it to the United States before Congress adjourns. Situated as I am here, I can clearly see the time coming when everything worthy of the name of commerce will be transacted with or through the United States; when the railroads, bridges, and other public improvements in this country will be made by our people, and when not only all the advantages resulting from an exchange of commodities will accrue to our people, but when, owing to the increased stability of the Colombian institutions arising from a closer intercourse with the United States, and the influence which our government and people will thus be able to ex-

ercise upon the affairs of Colombia, the export and import trade of this country will rise to proportions which will dwarf the present amount.

There is not an article produced in this country but which is needed in ours, and, to secure the commercial advantages thus hastily outlined, the proposition which I inclose to-day is the first step in a commercial policy with this country, which I hope to be able to submit in person to the consideration of the department.

Permit me again to express the earnest hope that the department will be able to entertain favorably the principle of the inclosed propositions, for to my mind the advantages resulting therefrom to the United States are beyond question.

I have the honor to be, sir, your obedient servant,

ERNEST DICHMAN.

Hon. WM. M. EVARTS,
Secretary of State, Washington, D. C.

One inclosure, Mr. Camacho to Mr. Dichman, and translation thereof.

[Seal of United States Legation at United States of Coolumbia.]

BOGOTA, *November* 6, 1878.

Hon. ERNEST DICHMAN,
Minister Resident, &c.:

My Esteemed Mr. MINISTER: In a private conversation with you, in days past, it was manifested to me that it might just be possible to open to Colombian tobacco the great market of the United States by means of a special reduction in its favor of the high duties which are now contained in the American tariff; provided always that there be conceded in the tariff of this country, in reciprocity, a total remission of the duties on American beer and a prudent reduction in the duties on cotton goods of the same origin (American).

If you should not find it inconvenient to proceed in this matter, I should like to know what special reduction on the duties of importation of our tobacco the United States could make on the raw meterial, as well as tobacco manufactured into cigars, always provided that we will give free entry to American beer, and consent to a discount of 25 per cent. of the duties on cotton goods manufactured in the United States.

The consumption of beer among our coast population, above all, would not be inconsiderable, for among those people, over 600,000 in number, there is, to-day, no popular beverage except liquors, and even in the States of the interior the use of it (beer) is already popular. In those last States (of the interior) there are small breweries, but the quality of the beer leaves much to be wished for, and the foreign beer is consumed in small quantities, of course, weighed down by the high duties which it pays now.

The consumption of cotton goods is, perhaps, five million kilograms, the value of which may be estimated on an average, in a lump, at not less than one dollar per kilogram.

The production of our tobacco is limited. It requires fertile and rich soil, is subjected to plagues and diseases which destroy it frequently, and which in reality have reduced the cultivation of it about one-third part of what it was about fifteen years ago; it needs much labor to cultivate it in the hot climate on the bottom-lands of the large rivers, ordinarily unhealthy, and for that reason thinly inhabited. The total exportation of this article into the Hanseatic cities, where it is imported free of duty, and from whence it penetrates into the markets of Germany, has never exceeded 125,000 hundred-weight, according to the official statistics, which, in reference to tobacco, are the most complete which we possess. In reality it does not exceed, if it does reach, 50,000 hundred-weight, on account of a disease which has attacked the plantations for several years; the quantity of tobacco which we can export cannot be considerable, nothing to a country which produces on its part three or four millions of hundred-weights of the same article, and exports it in enormous quantities to the markets of Europe.

In return for our tobacco the United States could not only sell us cotton goods, but also furniture, hardware, iron and steel, boots and shoes, and many other articles which we do not buy now on account of the want of well-established commercial relations. Our gold might as well go to that market (United States) partly to pay for merchandise, partly to buy exchange on Europe; and the commerce of Colombia, situated on a point open by nature between the two Americas and the two oceans, would be the best basis which the United States could desire to control the commerce with the republics of South America.

With distinguished consideration, your obedient servant,

SALVADOR CAMACHO ROLDAN.

No. 13.

Mr. Gibbs to Mr. Evarts.

No. 238.] LEGATION OF THE UNITED STATES,
Lima, Peru, April 10, 1878. (Received May 4.)

SIR: On the 20th February Mr. J. W. Fralick, of Philadelphia, agent of the Associated Industries of the United States, and other gentlemen named in a letter from the State Department of December 10, who were recommended to the various United States ministers in South America, called at this legation and presented their letters, one of which, besides the letter from you, was from the Hon. D. M. Key, Postmaster-General, approving of Mr. Fralick's mission to these countries, and particularly for the purpose of facilitating postal arrangements with the United States.

Mr. Fralick, after presenting his letters of recommendation, informed me that he desired to have some communication with the Peruvian Government to induce it to enter in the Berne Postal Union. At his request we had several interviews with the director of the posts, or mails, who examined the Berne treaty, and I also had personally several interviews with President Prado to that effect. The President took great interest in the matter and promised that he would do all possible to carry out the idea. Subsequently, in view of these conversations, I sent a note, on the 7th ultimo, to the minister of foreign affairs, of which I inclose copy and answer; also, copy of a communication from the minister of foreign affairs, with a copy of a note to the director-general of posts, and answer.

On the 9th instant I had the pleasure of receiving from the minister of foreign affairs a note, informing me that the government had by a decree of the 6th instant given in its adherence to the postal union, and had notified their minister in France to verify it. I inclose copy and translation. Immediately on receipt of this note I acknowledged it and offered my congratulations for the act. I have the honor to inclose copy. I have written Mr. Fralick, giving him a statement of what had been done and also congratulating him on the success, so far, of his mission.

I have received information that Chili has also accepted an invitation to enter into the union and has forwarded to Europe, to the Chilian minister to France, a note of adhesion.

I am, &c.,

RICHARD GIBBS.

[Inclosure 1 with dispatch No. 238.]

Mr. Gibbs to the minister for foreign affairs.

LEGATION OF THE UNITED STATES,
Lima, Peru, March 7, 1878.

SIR: I have the honor to refer to the note of the Secretary of State at Washington, Mr. William M. Evarts, of the 16th of July last, of which I had the pleasure of giving your excellency a copy, wherein the honorable Secretary refers to the disposition of the United States to extend its commerce with the countries in South America, stating "that the period has now arrived when it would be well for all the nations of this continent to consider more carefully than heretofore how they may best enlarge their trade with each other." There has also arrived at this capital Mr. John William Fralick, of Philadelphia, agent of the associated industries of the United States, whose special object is to advance the interests of the United States with these countries.

This gentleman is also recommended by the Postmaster-General of the United States, the honorable D. M. Key, to make inquiries in reference to the postal service in these

countries, and hopes that suitable measures may be taken in the interest of commerce to liberalize and perfect the mail communication between the countries of South America and the United States.

The adherence of Peru to the Postal Union would greatly facilitate postal intercourse with all those nations now in this international union, and would be another link that would bind this country closer in commercial and social intercourse with the country that I have the honor to represent. I concur with Mr. Fralick in the desire that this republic will give in its adherence the Berne postal treaty by application of Peru to the administration charged with the management of the international office of the union, according to article XVII of the treaty concerning the formation of the general Postal Union, signed at Berne, October 9, 1874.

I have the pleasure of offering to your excellency my greatest esteem and respect.

RICHARD GIBBS.

To His Excellency Sr. Dr. Don J. C. JULIO ROSPIGLIOSI,
Minister of Foreign Affairs.

[Inclosure No. 2 with dispatch No. 238.—Translation.]

Mr. Rospigliosi to Mr. Gibbs.

No. 10.] BUREAU OF FOREIGN RELATIONS,
Lima, March 9, 1878.

SIR: I had the honor of receiving your excellency's note of yesterday's date, in which you were pleased to refer to one of the 16th July, relative to the extending of the commerce of the United States with these republics, and the announcement, also, of the arrival of Mr. J. W. Fralick, recommended by the honorable Postmaster-General of the United States to study our postal service, and see if Peru would adhere to the Postal Union celebrated at Berne.

This last matter being in the hands of the general director of the mails for information, and will not be delayed in presentation, I have transmitted to the director the part of the note referring to Mr. Fralick, recommending this gentleman, in virtue of the recommendation that your excellency was pleased to send me.

Improving this opportunity to reiterate to your excellency the assurances of my high consideration and personal respect.

J. C. JULIO ROSPIGLIOSI.

To His Excellency RICHARD GIBBS,
Envoy Extraordinary and Minister Plenipotentiary of the United States of America.

[Inclosure No. 3 with dispatch No. 238.—Translation.]

Mr. Rospigliosi to Mr. Gibbs.

BUREAU OF FOREIGN AFFAIRS,
Lima, March 20, 1878.

SIR: I have the pleasure of inclosing a copy of the note to this bureau from the chief of the Post Office Department of this republic in relation to the recommendation made of Mr. Fralick from the Postmaster-General of the United States.

I should also assure your excellency that this government esteems highly the important move made by the said commission.

I renew to your excellency the expression of my most distinguished consideration.

J. C. JULIO ROSPIGLIOSI.

To His Excellency RICHARD GIBBS,
Envoy Extraordinary and Minister Plenipotentiary of the United States of America.

[Inclosure No. 4 with dispatch No. 238.—Translation.]

The Director-General of the Post-Office to the Minister of Foreign Affairs.

BUREAU OF FOREIGN AFFAIRS, BUREAU OF GOVERNMENT,
Chief Director of the Post Office Line, March, 1878.

MR. MINISTER: I had the honor of being informed by a note of your excellency of the 9th instant of having received the day previous a communication from the minister

plenipotentiary of the United States, stating that Mr. Fralick had arrived at this capital, recommended by the Postmaster-General at Washington, to investigate the postal service, with the hope that measures would be adopted in the interest of commerce to liberalize and perfect the postal communication of this republic with the United States; that on this account I should consider Mr. Frolick as a special commissioner from the government at Washington and give him the reception due in such cases.

In answer, I have the pleasure to inform your excellency that the recommendation in said note to me shall be attended to on my part with all respect.

God guard you, Mr. Minister.

F. DE P. MUÑOZ.

EMILIO BONIFEZ,
Chief Secretary.

[Inclosure No. 5 with dispatch No. 238.—Translation.]

Mr. Rospigliosi to Mr. Gibbs.

No. 14.] BUREAU OF FOREIGN AFFAIRS,
Lima, April 6, 1878.

SIR: Referring to your excellency's note of March 7, No. 82, I am pleased to inform you that by a decree of this date the Government of Peru has given her adherence to the Postal Union signed in Berne, 9th of October, 1874, disposing that, for the act to be verified, Señor Dr. Juan Marinna Goyeneah, envoy extraordinary and minister plenipotentiary of Peru in France, shall receive instructions and the necessary full powers.

At the same time an invitation has been accepted from the French Government, through its legation in this capital, to send a delegate to the postal congress, which will assemble in Paris May 1 next, conferring this power on the above-mentioned minister.

I am honored in returning to your excellency on this occasion the assurance of the high and distinguished consideration with which I am your excellency's very attentive and obedient servant,

J. C. JULIO ROSPIGLIOSI.

To His Excellency RICHARD GIBBS,
Envoy Extraordinary and Minister Plenipotentiary of the United States in Peru.

[Inclosure 6 with dispatch No. 238.]

Mr. Gibbs to Mr. Rospigliosi.

No. 84.] LEGATION OF THE UNITED STATES,
Lima, Peru, April 9, 1878.

SIR: I am happy to acknowledge receipt of your excellency's note of April 6, No. 14, in which I am informed that the Government of Peru have given in their adhesion to the postal union signed at Berne, October 9, 1874, and that orders to verify the act have been forwarded to Mr. Juan Manano de Goyensche, envoy extraordinary and minister plenipotentiary of Peru in France.

I congratulate your excellency in this very felicitous act, which I feel assured will have a beneficial effect to all, and will take pleasure in announcing to my government the determination of that of your excellency in the matter.

On this happy occasion I beg to reiterate to your excellency the consideration of my esteem and regard.

RICHARD GIBBS.

To His Excellency Sr. Dr. Dn. J. C. JULIO ROSPIGLIOSI,
Minister of Foreign Affairs.

No. 14.

Mr. Gibbs to Mr. Evarts.

No. 244.] LEGATION OF THE UNITED STATES,
Lima, Peru, April 26, 1878.

SIR: Referring to your circular dispatch, marked "separate," of July 16 last, I have dedicated some time in trying to gather statistics, so as to be able to give you some information relative to the commerce of

Peru. Unfortunately the bureau of statistics ordered by the Government of Peru, and in operation now more than two years, has not accomplished anything yet to show the result of its labors. My information is gathered from personal observation, articles in the press, native and foreign, and interviews with the prominent merchants in the foreign trade.

The exports of Peru consist principally of—

	Estimated value per annum. Sols.
Guano	12,000,000
Sugar	8,000,000
Nitrate of soda	6,000,000
Wool	3,500,000
Silver	3,500,000
Copper	2,000,000
Cotton	1,000,000

Bar-tin, wines, vicuna, and chinchilla skins or furs. Various estimates that I have seen make the total of exports over forty millions.

Guano for Europe is estimated at 400,000 tons per annum; for the United States and West Indies, 100,000 tons, producing in all twelve million sols.

Guano seems to be inexhaustible for many years to come. New discoveries of more or less value are reported frequently, but the large deposits of clear guano seem to have been cleared out, and the places now worked give some foreign material, being at times mixed with stone, gravel, or earth.

I wrote a dispatch on sugar March 13, 1876, No. 63, showing what an important industry it had become in Peru.

The amount produced this year was about 100,000 tons, of which was exported to—

	Tons.
Great Britain (official)	63,370
Chili (calculation)	18,000
Other countries (calculation)	6,000
Consumption	12,630

I will call your attention to the increase of this trade with Great Britain in eight years.

Sugar exported to that country in—

	Tons.
1870	251
1871	4,350
1872	6,550
1873	15,950
1874	23,700
1875	50,000
1876	55,030
1877	63,370

The sugar produced in this country is of a good class, and sells well in the English market, particularly for refining purposes, as the greater part of it is fine centrifugals, all above No. 16.

It is kept out of our market on account of duties, which I perceive are augmented by the proposed new tariff presented to the House of Representatives for debate, according to my last advices.

Nitrate of soda is an article that has increased in production and exportation from this country. It is used for many purposes, for extracting various chemicals, and also used greatly in Europe as a fertilizer. Contracts are about to be signed to supply one of the heaviest English houses on the coast annually 5,500,000 quintals, or 275,000 tons.

In my dispatch No. 76, of July 13, 1876, I gave a detailed description of nitrate affairs, and the decrees of the government, which I beg to refer to.

The following statement shows the total amount shipped from Peru for a number of years, with other details:

Year.	Total amount shipped from Peru.	Discharged in the United Kingdom.	Average price per quintal.
	Tons.	*Per cent.*	£ *s* *d.*
1830	841		
1860	55,549		
1864	85,687	30	0 16 11½
1865	109,911	41	13 6
1866	98,446	40	11 0
1867	114,765	44	10 9
1868	85,793	53	13 3
1869	112,817	39	15 9
1870	132,454	41	15 9
1871	162,266	46	15 6
1872	198,984	42	15 3
1873	281,870	45	14 9
1874	252,575	41	12 3
1875	323,600	48	11 9
1876	322,387	47	11 6
1877	236,417	29	14 0

The product of Peru could be made up to ten millions of quintals annually if all the factories were at work.

The factories to-day at work have the producing power of:

State works	4,020,000 quintals, and do produce	2,812,000
Private	4,330,000 quintals, and do produce	3,610,000
		6,422,000

The consumption of nitrate in the United States is calculated at 25,000 tons per annum; the house of Olyphant & Co., of New York, have a contract with the government to receive that amount, or 500,000 quintals.

It is not used as a fertilizer in the United States, which partly accounts for the immense difference in the amount consumed in the United States and Europe.

I perceive that by the proposed new tariff nitrate is taken off the free list, and a duty of 20 per cent. to be placed on it; if that becomes a law, I suppose it will partly check the importation. Wool is a very important article of export from this country and increases steadily, and when the Onya railroad, leading from Callo via Lima to the interior, reaches well into the department of Junin, the export will be heavier.

The most valuable wool that leaves Peru is the alpaca, and exported mostly to England, into which country there was imported:

1875	3,982,859 pounds;	valued at £528,412
1876	3,418,152 pounds;	valued at 384,469
1877	3,561,806 pounds;	valued at 362,622

The price varies from 33 cents to 60 cents in silver per pound. To-day the price in Arequipa, the great wool depot, is forty silver sols per quintal.

England, I believe, is the country that works this wool into the well-known alpaca cloth, and the material is only produced in Peru and Bolivia: found in the high plateaus of the Andes up to over 14,000 feet.

On my late trip to the south of Peru I saw large flocks of the alpaca

above the altitude of 12,000 feet; it is ruminant, herded in the same manner as sheep, of the same family as the llama, guanaco, and vicana; the two last are wild, the llama and alpaca domestic; the former are used as beasts of burden, particularly for metallic ores, of which they will carry about 100 pounds; are very sure-footed, and peculiarly fitted for the narrow and precipitous passes of the Andes. The alpaca for its wool, which is distinguished for its fineness, being silky, very long, without oleaginous matter, white, black, and cinnamon colors. An attempt was made to introduce them to Australia, but I understand that it failed, lacking the peculiar grasses of the Andean altitudes, which are more or less impregnated with nitrate salts.

Peru and Junin are the two departments which produce the most wool.

Junin lies between latitude 10° to 12° south, and Peru 12° to 17° south.

From the port of Mollendo, the outlet of the department of Peru, I have an exact account of the exports of wool of all kinds, and all to Great Britain.

SPANISH WEIGHT.

	1875.	1876.	1877.
Alpaca, first quality, pounds	2,674,500	2,978,000	3,582,400
Alpaca, inferior, pounds	494,100	464,000	535,400
Sheep-wool, pounds	2,110,700	1,954,300	2,932,800
	5,279,300	5,396,300	6,050,600

From Arica was exported in 1877 501,548 pounds of alpaca wool, valued at 190,588 sols, and of sheep's wool 35,450 pounds, at 8,862.50 sols. These two ports, Mollendo and Arica, are the most important for the export of wool at present. Silver is one of the great products of Peru, but the most difficult to learn of, as regards the export, as I have already explained in my dispatch No. 108, of November 21, 1876.

The press in various discussions on the trade of the country put it at three and a half millions sos per annum. I think it much more. From a report taken from the South Pacific Times, of the exports from Arica for the year 1877, it amounts to 2,089,882 sols, in bars and silver coin. From various sources of information I calculate over six millions in bars and ore per annum.

Gold: I can get no positive information, although it is continually shipped from the country in small quantities from all parts, all, or the greater part, in dust or small nuggets.

Copper is all exported to England and is estimated at the value of over two millions per annum, which I think falls far short of the actual amount, taking ores and bars together; and by the increasing railroad facilities to the interior the export will undoubtedly augment greatly.

By statistics published here, from the Peruvian consul at Southampton, the amount of imports in Great Britain from Peru in the year 1877 amount to £5,525,516, and exports in the same period amount to £618,049.

I doubt this as being a fair test, for I suppose cargoes of guano and nitrate go there for orders which are often sent to other parts of Europe. The government draws in England for all amounts for current expenses; and another fact is that, on account of the depreciated currency and depressed financial affairs in Peru, exportations from England have been much reduced. Imports into this country consist of cotton goods, woolen goods, machinery, crockery and porcelain, boots and shoes, paper of all kinds, hats, lumber, sewing-machines, perfumery, soaps, agricultural implements, rubber goods, kerosene in large quantities. Good petroleum has been discovered on various parts of the coast and near tide-water, apparently abundant, and the production is as yet in its infancy; and I

only know of one refinery in operation, that is doing a large and increasing business.

Wheat is imported. In the time of the colony the coast cities and towns were supplied from the valley of Cajamarca, in the north, and none imported. From commercial statistics published by the Government of Chili, I find there was exported from that country to Peru—

1875	29,690,808 kilograms of wheat, valued	$1,275,755
1876	32,867,833 kilograms of wheat, valued	1,532,518

This is a business that could be done with California, if there was any chance of returning merchandise. Some is now being imported. I see by the press, that by the latest dates from San Francisco two vessels were loading with wheat for Callao, each with 1,000 tons.

Importations into Peru from England, for 10 months of 1877, to October 31, consisted of 32,718,300 varas of cotton goods; 441,600 varas of woolen goods; 739,700 varas of linen goods; 1,280 tons iron, unwrought, bars, &c.; 1,262 tons iron, wrought, hardware, &c.

From Germany, there has been imported for the 6 months ending December 31, 1877, groceries, silk and woolen goods, hardware, glassware, pianos, drugs, hats, cigars, coal, and iron, to the value of $1,117,769.

From France, cotton goods, hats, stationery, furniture, canned meats, woolen goods, shoes, jewelry, dresses, leather, and fancy goods, for 3 months ending December 31, 1877, to the value of 2,855,625 francs. This is considered very light, and in normal times would have been over four millions.

As Peru, on the western slope of the Andes, produces little or no timber, large quantities are imported, principally from California and Oregon; some hard woods and cedar from Ecuador. I have no statistics on the matter; but it is a very heavy trade.

I believe there are only three manufacturers of woolen goods in the country, one of cotton drills and domestics, near Lima; two of woolen cloths, the largest and most important near Cuzco, and another in the North, near Huaraz; product of all very superior. The cotton-mill is worked entirely by Chinese, and the woolen one at Cuzco by the natives—Indians. It is difficult to make changes in a long-established trade where a heavy capital is employed. I beg to refer to my dispatch No. 182, of August 6 last, relative to the nationalities in this country, wherein I show the hold which English commerce has by reason of many years' dealing with established houses; and merchants (exporters and importers) cannot be expected to form new relations by breaking off old ones for something that may be to them more or less doubtful; still, whenever American manufactures have been brought in contact with European products, they have been preferred—dye-woods and furniture principally, with some hardware—there being no doubt of their superiority; but the trade is held back, for returns cannot be sent to the United States on account of the tariff. One of the principal sugar-planters said that, from experience, he had found the machinery from the United States to be superior to that of Europe, and he added: "I must get my wants supplied to make my sugar from the country that buys from me."

Many of the foreign houses here employ German clerks; one of the largest English houses on this coast is directed by a German. The admirable commercial education which Germans go through makes them eminently fitted to enter business houses, where, with their steady business habits, they work up from a clerkship to a partnership in the firm. It is rarely that one meets a German clerk who does not understand and speak English, French, and Spanish, besides his own language.

There are two causes that work directly against trade with the United

States from this country. The principal is our tariff, which operates against shipments; and I see by the proposed new tariff before the House by my last advices there are many articles that were formerly in the free list which will be taxed.

I think that will be injurious to the extension of trade from these countries to the United States, reducing the amount of return; for commerce always tries to remit merchandise to repay shipments received.

The merchant consignee is always desirous of earning his commissions on articles received and remitted.

The articles to be taxed with duties, now free, produced in South America, are bitter barks, cochineals, gums, indigo, furs, hides, skins, India rubber, nitrate of soda, cocoa, gutta-percha crude, and sarsaparilla crude; another cause are the freights from the United States to this country.

Merchandise can be shipped from England, France, and Germany by steam at much lower rates by the different lines, either via the isthmus or by the Straits of Magellan, than from New York by the shortest and most direct line, the isthmus.

Our carrying trade is slowly increasing on this coast, as you will perceive by the following note, and we hold the supremacy of five large carriers. The result of the heavy tonnage turned out of the Maine shipyards these last two years is being seen in the comparison with the vessels of the European nationalities arriving at this republic for the years 1876 and 1877:

1876.

English	142 vessels,	126,728 tons; average	891½ tons.
American	56 vessels,	63,075 tons; average	1,126 tons.
Italian	47 vessels,	34,689 tons; average	738 tons.
French	26 vessels,	13,508 tons; average	519½ tons.
German	19 vessels,	11,518 tons; average	606 tons.
Norwegian	14 vessels,	9,450 tons; average	675 tons.
Swedish	13 vessels,	7,625 tons; average	586 tons.
Belgian	2 vessels,	1,890 tons; average	945 tons.
Portuguese	1 vessel,	909 tons; average	909 tons.
Austrian	1 vessel,	290 tons; average	290 tons.

1877.

English	200 vessels,	201,413 tons; average	1,007 tons.
American	98 vessels,	121,952 tons; average	1,244½ tons.
Italian	55 vessels,	37,524 tons; average	682 tons.
French	41 vessels,	19,780 tons; average	482½ tons.
German	32 vessels,	23,077 tons; average	752 tons.
Norwegian	11 vessels,	9,903 tons; average	909 tons.
Swedish	7 vessels,	5,036 tons; average	713 tons.
Belgian	2 vessels,	1,308 tons; average	654 tons.
Portuguese	1 vessel,	900 tons; average	900 tons.
Danish	2 vessels,	758 tons; average	379 tons
Russian	1 vessel,	862 tons; average	862 tons

Since writing the above, I see by this evening's papers a note has been published of the value of exports and imports into Peru "to and from Great Britain alone," for the years 1872 to 1877 inclusive, which I append.

	Importations.	Exportations.
1872	£3,344,849	£4,211,723
1873	2,741,255	5,219,573
1874	1,849,977	4,501,213
1875	1,670,000	5,700,000
1876	634,999	5,881,866
1877	423,507	6,986,333

Mr. A. Raimundi, the well-known scientist of Peru, has just issued his great work entitled "Minerals of Peru," published by the government, and closes his labors with a conclusion which I translate and indorse

By the reading of the present catalogue an idea can be formed of the mineral products of the republic, admitting that the samples of this collection represent only the principal classes: as for some minerals, such as the argentiferous lead ores, the gray copper, iron, and coal, to indicate alone the localities where they are known to be, would fill volumes. If the valuable deposits of guano and nitrate are taken into account, it can be said without any exaggeration there is no country in the world that possesses such various and abundant mineral resources as Peru; and if the nation knew how to take advantage with care of these precious gifts of nature, it would again justify before the world her ancient opulence, and Peru will again be as in other times the symbol of "riches."

I am, &c.,

RICHARD GIBBS.

No. 15.

Mr. Gibbs to Mr. Evarts.

No. 257.] LEGATION OF THE UNITED STATES OF AMERICA.
Lima, Peru, June 25, 1878. (Received July 15.)

SIR: On the 14th instant, the President, through an aid-de-camp, informed me that he wished to have an interview with me. I called at the government house and met the President. His Excellency referred to various conversations that we had held on the manner of extending and improving commercial relations between the two countries, and desired to know if there was any manner of making a reciprocal treaty for one or two important products of both republics—wheat and barley from the United States and sugar from Peru—by the free introduction of these articles, and a reduction by the United States on Peruvian sugars. The President stated that he personally and the country were very desirous of doing everything possible to increase the volume of trade to and from the United States. I answered that at present, from the appearance of affairs in the United States, I doubted if anything could be done, as by last dates received, up to the 20th ultimo, a tariff was being discussed in the United States Congress which would increase, slightly, duties on the higher grades of sugar, but that I doubted its passage this session: in the mean time I would have the pleasure of giving his views to my government.

I have talked on this subject at various times with the President, and had the honor of speaking in relation to it to your predecessor, Mr. Fish, in April, 1876, during a visit to the State Department. Knowing the great interest that you take in the increase of our commerce with these republics, as expressed in the circular-dispatch of July, 1877, I will state in a brief manner my opinion in favor of such reciprocity.

Sugar is an article, it may be said, of necessity in the United States, which I believe consumes as much per capita, if not more, than any other country, and is just as important to the poor man's breakfast as tea or coffee. This was one of the arguments used for placing these articles on the free-entry list. If our population continues to increase pro rata as it has done these last twenty years, our Southern States, of which Louisiana is the greatest producer, can supply but a moiety of the continually-increasing demand, protecting a few to the detriment of many. Cuba and Porto Rico (monarchical colonies) supply two-thirds of the sugar consumed in the United States, produced by slave labor: the other

supplying countries are all colonies of monarchical governments, and some from the Empire of Brazil. Outside of the United States Peru is the only republican country that supplies for exportation this very useful and greatly-consumed article; a young republic struggling to open and receive commercial exchanges from her older sister by free labor in competition with the countries mentioned. There is not much foresight in saying that in a few years a great manufacturing interest will spring up in our States and Territories on the Pacific slope, also an ever-increasing population. Peru could supply plentifully sugar, alpaca wool, and other articles of commerce, receiving wheat, barley, and the products of our manufactories. This could be acquired by treaty. Peru would willingly admit our cereals free. Barley pays 3⅓ cents per kilogram, wheat, 1 sol 80 cents per 62 kilograms.

The Peruvians say that there is a good precedent in asking for reciprocity in certain articles, in the Sandwich Islands treaty. Commerce is like the waters of a lake—once open an outlet and the stream of itself will grow wider and deeper. Sugar will be an article of increasing importance in Peru. I refer to my dispatch on its product, No. 63, March 13, 1876; also to its exportation in No. 244, of April 26 last.

The President, during our interview, evinced great desire that the commercial intercourse of the two countries with each other should be increased.

I am, &c.,

RICHARD GIBBS.

No. 16.

Mr. Gibbs to Mr. Evarts.

No. 284.] LEGATION OF THE UNITED STATES,
Lima, Peru, November 13, 1878. (Received December 9.)

SIR: In dispatch No. 244, of April 26 last, I mentioned that the bureau of statistics had not published up to that date any results of its labors. I now have the honor to inform you that this legation has received various documents from the government, the work of the bureau, some of them very interesting, and I think appear well as the first fruit of its diligence.

By this mail I will forward two volumes received. The most important is the first volume—report of imports and exports through the custom-houses of the republic—from which I have made extracts and notes for the information of the department. I have selected data of imports and exports to and from this country and the principal ones with which this republic trades.

The imports into Peru during the year 1877, according to the volume referred to, and apparently correct, amount to 24,179,094$\frac{87}{100}$ sols, each port being in detail.

England heads the list, as being the chief purveyor to the wants of the country. In looking over the list there are many articles that could be supplied as well, if not better, from the United States, but as Great Britain is the chief recipient of the products of Peru, the trade seeks its supplies from those who take the fruits of its labors.

England shipped to this country in 1877—

	Sols.
Cotton goods	2,639,710.24
Woolens	1,452,731.53

	Sols.
Linens	345,382.44
Silks	154,205.54
Furniture	812,400.32
Wines	112,410.77
Provisions	152,386.90
Drugs and medicines	229,692.50
Coal	2,150,195.00
Quicksilver	169,546.00
Machinery	102,253.00
Paper	45,192.00
Hemp rope and rigging	23,654.00
Miscellaneous	2,236,138.26
43.94 per cent of total imports	10,625,898.50

France follows, and sent—

	Sols.
Cotton goods	852,725.91
Woolens	656,899.01
Linens	78,401.85
Silks	131,221.57
Furniture	799,582.96
Provisions	102,855.88
Wines	254,078.18
Drugs and medicines	108,707.80
Coal	6,263.58
Quicksilver	41,981.09
Machinery	9,266.00
Paper	90,202.83
Hemp rope and rigging	972.05
Jewelry	33,320.74
Soap	66,588.00
Miscellaneous	716,765.09
Or 16.33 per cent	3,949,832.54

Chili comes next in amount in a few articles, principally provisions and some coal:

	Sols.
Wheat	1,204,478.34
Flour	69,169.00
Barley	264,609.89
Lumber	137,752.00
Coal	653,137.38
Miscellaneous	507,652.04
11.73 per cent	2,836,798.65

Germany supplied—

	Sols.
Cotton goods	623,893.32
Woolens	633,983.29
Linens	65,976.71
Silks	54,847.64
Furniture	129,687.60
Provisions	112,258.87
Wines	157,125.19
Drugs and medicines	67,892.87
Quicksilver	6,605.00
Paper	50,544.60
Coal	95,166.80
Jewelry	9,060.00
Miscellaneous	781,938.20
11.12 per cent	2,788,973.09

Then, next in value, United States:

	Sols.
Cotton goods	345,888.70
Woolens	15,312.20
Linens	27,937.82
Silks	1,267.75
Furniture	80,903.00
Provisions	282,817.48
Wines	7,791.63
Drugs and medicines	39,476.68
Quicksilver	807.00
Machinery	102,734.00
Paper	11,509.54
Soap	8,153.36
Lumber	182,211.32
Miscellaneous	678,704.63
7.34 per cent	1,785,515 11

Peru received from China, 1877:

	Sols.
Cotton goods	6,815.45
Woolens	13,821.00
Linens	1,522.16
Silks	74,834.52
Furniture	12,748.87
Rice 221,062.39 / Tea 146,831.87	367,894.26
Drugs and medicines	99,645.21
Fire-crackers	18,570.71
Matting	12,062.66
Miscellaneous	92,070.33
2.89 per cent	699,945.17

From Italy were received:

	Sols.
Cotton goods	73,860.04
Woolens	1,484.00
Linens	4,156.55
Silks	1,781.27
Furniture	72,076.07
Provisions	82,252.25
Wines	36,190.18
Drugs and medicines	20,301.97
Coal	135,893.50
Matches (wax)	19,975.31
Soap	34,074.58
Paper	48,002.97
Miscellaneous	67,725.00
2.47 per cent	597,773.99

The balance, 894,357.82 sols, is supplied by various countries, European and South American.

By the foregoing you will perceive that the United States, as a great manufacturer and producer, makes a sorry show.

In furniture, wherein it is acknowledged here the United States produces a superior class in strength and finish, we only supply the amount of 80,903 sols, against England, 812,400.32 sols; France, 799,582.66 sols; Germany, 129,687.64 sols; Italy, 72,676.07 sols; China, 12,748.89 sols; other countries, 18,960.91 sols; or 4.17 per cent. of all imported is from the United States.

In the article of paper of all kinds we are far behind.

England sends in value sols, 45,192; France, 90,202.83; Germany 50,544.60; Italy, 48,002.97; and the United States, 11,509.54.

In provisions we make some appearance and compare well.

England supplies in value sols, 152,386.90; France, 102,855.88; Germany, 112,251.87; China, mostly rice and tea, 367,894.26; Italy, 82,252.25; Chili, the greatest on account of proximity, wheat and flour, 1,550,188.51; United States, 282,807.48; but as you notice in all the rest our contribution to the import trade of Peru is not what it should be.

In the exports we make a very poor appearance: for the year 1877, Peru exported:

	Sols.
Miscellaneous value	31,634,275.30
Guano	8,075,927.01
	39,710,202.31

exclusive of nitrate of soda and potash calculated in sols. 12,787,545. Of the above total of 39,710,202.31 sols, England received 23,256,654.78, or 58.56 per cent., and by calculation two-thirds of all the nitrate and potash.

	Sols.
In sugars	9,658,605.20
Coffee	12,129.00
Wool	3,319,414.00
Cotton	1,268,929200
Metal, ores silver	1,099,582.00
Bullion, gold	602,150.00
Gold coin	25,581.00
Silver in bars	2,930,205.00
Silver foreign coin	127,669.00
Hides and furs	91,068.00
Copper ore	309,986.00
Peruvian bark, "cascarilla"	286,466.00
Miscellaneous	487,260.05
	20,189,054.25
Guano	3,067,600.53
Total, exclusive of nitrate and potash	23,256,654.78
In amount follows Chili	4,258,883.49
Of which sugar amounts to	1,897,669.30
Copper ore	518,351 20

Next in importance is France, which receives in—

	Sols.
Sugar	243,984.00
Coffee	11,402.00
Wool	19,136.00
Cotton	9,615.00
Metal, ores	64,005.00
Gold bullion	104,400.00
Gold coin	50,775.00
Silver bullion, bars	1,455,672.00
Silver coin, foreign	69,637.00
Hides and furs	23,388.00
Copper ore	84,223.00
Peruvian bark "cascarilla"	127,918.00
Miscellaneous	935,696.50
Guano	362,842.44
Nearly 11 per cent., exclusive of nitrate	3,612,693.94

Germany takes of—

	Sols.
Sugar	19,440.00
Coffee	6,053.00
Wool	19,400.31
Cotton	3,800.00
Metal ores, mostly silver	366,933.00

	Sols.
Gold bullion	11,360.00
Silver bullion	387,306.00
Silver coin, foreign	6,183.00
Hides and furs	2,934.00
Copper ore	47,500.00
Other articles	606,585.06
Guano	621,685.47
Total, excluding nitrate, 5.29 per cent	2,099,220.53

The United States receive a very small proportion of the products of Peru:

	Sols.
Sugar	1,312.00
Coffee	7,660.00
Metals, ores	3,100.00
Gold coin	23,119.00
Silver bullion, bars	268,301.00
Silver, foreign coin	9,644.00
Hides	31,639.00
Copper ore	6,596.00
Other merchandise	369,731.76
Guano	527,155.38
Not including nitrate, 3.14 per cent	1,248,258.14

I beg to refer to dispatch No. 244 for my ideas on the cause of the very small interest or share we have of the commerce of Peru. Our tariff keeps out some articles, particularly sugar and wool; and the want of cheaper transportation to be composed of American steamers with some assistance whereby they can compete with the European subsidized lines, English, French, and German, to Aspinwall, who are in combination and connection with the English line that monopolizes the whole west coast of South America, and of which I gave a description in my dispatch No. 182, of August 6, 1877. Merchants can have their freights brought from England, France, and Germany by steamer via the Isthmus of Panama, at 75 to 80 shillings per ton, and have to pay 76 cents gold per cubic foot from New York.

There is every disposition on the part of the Peruvian Government and people to extend commercial relations between the two countries, and in relation to this subject I inclose copy and translation of a note from the minister of foreign affairs, the result of several interviews.

The official journal, "El Peruano," had an editorial on the same idea in its issue of November 5, which I inclose with translation. It refers to a pamphlet published by the "Manufacturer's Association" lately in the United States; all of which I place before you hoping that something may be done to increase our commercial relations with this country, for which there is ample room.

I am, &c.,

RICHARD GIBBS.

[Inclosure 1 in No. 284.—Translation.]

Mr. Ingoya to Mr. Gibbs.

No. 26.] BUREAU OF FOREIGN AFFAIRS,
Lima, September 6, 1878.

My government is animated with the desire of extending the commercial relations between Peru and the United States, as I had the honor of informing your excellency a short time since, and to this subject I will call the attention to the advantages that would result to both countries by a reciprocity treaty for the exchange of some articles.

as wheat and barley from the United States, and sugars from Peru; the exemption from duties of said products in the respective customs by means of a treaty, the same as the United States has celebrated with the kingdom of Hawaii, would be of benefit to both nations and be also the first step to the increase of American manufactures into Peru upon which the manufacturers of the United States have been for some time working.

These considerations which I have lightly touched upon might incline the intention of the illustrious government of your excellency to the view of celebrating a treaty of free exchange, as mentioned, and I would esteem it if your excellency would be pleased to make it known.

I have, &c.,

MANL INGOYA.

[Inclosure 2 in No. 284.—Translation.]

[The Peruvian Official Journal, editorial section. Lima, November 5, 1878.]

If there are two countries in America that have been blessed by Providence with riches of every kind and whom it is necessary to bind closer in their relations and establish on a solid basis their commerce, and should know and esteem each other, proceeding always united in reciprocal benefit; those countries are undoubtedly the United States and Peru.

Peru is the producer of the greatest known fertilizer, and nitrate of soda, besides wools, Peruvian bark, and sugar, products greatly consumed in the United States; on the other side the republic of the north is the producer of wheat on an immense scale, of woven goods of all classes, manufactured articles in general, and machinery, all of which constitute precisely the most valuable branches of importation into Peru.

It is necessary that Peru explore her mines of untold wealth, finish her railways, improve her agriculture, and establish steam navigation through the Amazon.

The United States has the capital and the elements necessary for it, and are searching to-day for fields where they may carry their energy and strength; they have undertaken gigantic works in their territory and carried them through with success.

Peru has given undoubted proof of perseverance and love of labor, in the railways constructed; the Oroya line has astonished the world by the impediments that were overcome and the rapidity with which it has been built.

There is in both countries a love of domestic institutions, a desire to preserve intact the liberties of America, and commence new and daring enterprises.

To be of more easy access to the United States Peru tried to favor, as far as it means permitted, the opening of the Isthmus of Panama, and to that object sent a commission of engineers; if the financial crisis had not checked the progress of the republic, it would have done all possible on its part, so that great obstacle which opposes direct communication with the United States should disappear.

The above considerations indicate to us the necessity of assisting the movement which has commenced in the North in favor of closer commercial relations with Peru.

If the practical spirit of the Americans are taken into account, it is easy to comprehend that their intentions will quietly be put into practice, and for that reason we should assist effectively the idea of the Philadelphia Exposition, to give all latitude due to the commerce of both countries so that they may increase.

In relation to this matter, we seriously call the attention, not only of the merchants and agriculturists, but of statesmen, and all who desire the improved greatness of America; it now occupies the attention of the Americans of the North, and we are obliged in our own interest to correspond to such a noble inspiration.

Let us establish reciprocal concessions, and thus open up a new route to our commerce and industries; let us try a transformation that may be fruitful in results to Peru, and bring closer two nations that wish to be united.

Thus while an American congress of jurists, invited by Peru, are now in Lima actually occupied in forming the basis of an international legislation in the most liberal manner for the South American republics, in the United States they are working the same grand idea of uniting the interests of the people of America. Is it not certain that such acts, examined with calmness, give an extraordinary importance to the world of Columbus?

Is it not true that in America they are preparing acts of great interest?

No. 17.

Mr. Baker to Mr. Evarts.

No. 54.] LEGATION OF THE UNITED STATES,
Caracas, October 12, 1878. (Received November 8.)

SIR: I desire to draw your serious attention and that of the administration to the subject of this communication, thinking, as I do, that it may be found to involve a matter of grave moment to the future commercial interests of the United States.

1. In view of the geographical position of our country in reference to the countries bordering on the Gulf of Mexico, the Caribbean Sea, and the Spanish Main, it is apparent that the United States should be dominant in the foreign commerce of these countries, and that our trade with them should be greatly extended.

2. There appear to be three great natural lines of communication between the United States and the countries indicated:

1st. from Boston, New York, Baltimore, Philadelphia, &c., by the way of *St. Thomas.*

2d. From New Orleans, Galveston, Mobile, &c., by a route passing west of Cuba, and not a great way from *Grand Cayman.*

3d. From our Pacific ports by way of the Isthmus, and thence east along the Spanish Main, and not a great way from *Curaçoa.* Thus, each of the three great seaboards of our country, the East, the South, and the West, seems to be placed in natural relation with the countries alluded to by a line of its own.

3. In order to carry on and develop the extended scheme of commerce which is here hinted at, it appears to me that certain commercial *organs* are needed, which we are now totally without, namely, *naval stations and commercial depots on the respective routes.* It seems to me that we should have one such station and depot for each of the lines pointed out. For the first, Saint Thomas appears to be strongly indicated. For the second, my present knowledge admits no other suggestion than that of the bare geographical position and small size of Grand Cayman. For the third, Curaçoa might be well worth looking at.

4. In view of our home policy, it appears to me that these stations and depots should consist of small islands with good ports, *so small and so appointed as to admit of no population large enough to disturb our home system.* I attach the last degree of importance to this condition, and would far sooner have our commerce undeveloped than bring in political power from the West Indies. Owing to the climate and other conditions, such power would necessarily be too unhomogeneous to be safe. *We should seek stations and depots which will serve simply as naval and commercial organs, and which can never expand into political forces.*

5. What I have said respecting our relation to the commerce of the countries bordering on the Gulf of Mexico, the Carribean Sea, and the Spanish Main, and the usefulness of naval stations and commercial depots in relation thereto, *is equally applicable to our relation and trade with the West Indies.* It appears to me that possession of some such stations and depots as I have supposed would greatly facilitate and strengthen our trade with these islands.

6. What I have said respecting the usefulness of some such stations and depots *is in like manner applicable to our trade with Brazil, Uruguay, and the Argentine Republic.* Our commerce with these countries must find its way to and from the United States by all three of the great routes alluded to; and it seems apparent that it would be greatly

accommodated and aided by suitable naval stations and commercial depots situated on the routes which it traverses.

7. Thus, the suggestion I am making looks to the improvement of our commerce upon a scale commensurate with the *West Indies and all the countries that border upon the north and the east of South America.* As matters are at present in reference to this great area of trade, the United States appears to me to be an immense commercial force without suitable organs to work with. If we can do so consistently with our internal policy, it strikes me that we should conform to that law of all vital and all social development, *by which the growing organism supplies itself with special organs for the employment and application of its force.* Naval stations and commercial depots, such as I have supposed, appear to me to be the special organs that are needed, in order fitly to wield and develop our commerce upon the extensive scale which I have pointed out.

8. Not alone the present industrial production and trade—capacity of the countries in question should be looked at. In my judgment, the future will bring a great increase of both. The production and trade of Brazil is certainly increasing apace; and as for the republics—Venezuela and the rest, and the communities of some of the great West India Islands—they are, in my opinion, passing through a transition period of internal agitation, to be followed by a more stable social order, and a consequent large increase of population, industry, and trade. I suspect that the prospective importance of this trade in the aggregate—excepting that of Brazil—is far from being duly appreciated in the United States.

9. Aside from the direct commercial advantages which would seemingly attend the possession of some such stations and depots as I have suggested, it appears to me that certain highly important indirect results would follow. First. The facilities for the *protection of our commerce* would be greatly increased. Second. The *prestige* of the United States—which I fear is not now what it should be in these regions—would also be greatly increased. Third. The legitimate *influence* of the United States would become potential—which can hardly be claimed for it at present—*in the way of discouraging disorder and promoting order over a wide industrial region, thus fostering the production of the material of commerce, while benefiting various communities.* As an element of a just foreign policy, this last consideration appears to me of much moment. I presume it may be fairly said that the United States is, more than any other great nation, interested in the political success of the Spanish American republics. By the possession of some such footholds of naval and commercial power as I have indicated, she would be in a far better position to exercise a legitimate friendly influence in favor of order, and to become, in a much better sense than at present, the head of the great family of republics upon the Western Hemisphere.

10. I presume that some such stations and depots as I have supposed might now be acquired at a cost of a few millions of dollars; and, taking strictly economical view of the case and saying nothing of the higher considerations of national standing and influence to which I have alluded. I suspect that the increase of our commerce and the consequent increase of our revenue, the enlarged demand for our products and the extension of our marine employment, would make it a capital investment.

11. For reasons which I need here only allude to—connected with the rivalry incident to that great industrial development which is going on in Europe as well as in the United States—I suspect that the acquisition

of suitable naval stations and commercial depots may become more difficult in the not distant future than at present.

12. What I have now said is simply in the nature of suggestion. I have not carried the matter through that process of rigorous practical examination which should go before action in important concerns, nor indeed have I the present knowledge or means of doing so. But, in view of the general considerations which I have set down, I am strongly inclined to think that the most thorough examination will be found to justify the substance of what I have suggested.

Respectfully submitting the subject to your more informed judgment,

I am, &c.,

JOHN BAKER.

No. 18.

Mr. Fralick to Mr. Evarts.

SIR: I have the honor to submit the following report of the results of the inquiries for commercial purposes, made in connection with the recent visit of the undersigned to the leading states of South America, under favor of letters of introduction and approval from the Department of State, of November 1 and December 10, 1877, and October 12, 1877, from the Post-Office Department.

The duty of examining into the postal service of these countries was undertaken for the further important purpose of extending the commerce of the United States, and I had the honor to receive the direction to prosecute the inquiries "with a view to the establishment of suitable measures in the interests of commerce with the United States," and to make the advancement of that interest a leading object of my visit.

A copy of my report to the Post-Office Department will accompany this report, giving full particulars of my inquiries and negotiations in the interest of postal-service reform, as bearing upon our commercial intercourse with South America.

The relation heretofore and for many years sustained by the United States to the various countries of South America, has been quite unsatisfactory in many respects. With a large and necessary trade in staples of importation, we had little return trade, and have been wanting altogether in adequate means of direct communication.

The defects of the postal service, including the high rates charged for the transmission of mail matter, together with the imperfect steam communication between the United States and those countries, have proved a very serious obstacle to mercantile enterprise in this direction. There has been little improvement in general trade with these countries until within the past year, and during the time of my personal examination there. The establishment of a direct steam line to Brazil in April last was the principal event in the inauguration of the new era, although a reduction of freights to the west coast by way of the isthmus, accomplished a little earlier, had perhaps an equal influence in the interchange of trade with the states of that side of the continent. At the time of my departure, December last, circumstances brought the objects of my mission to the attention of the leading commercial and manufacturing interests of the United States, and the greatest encouragement was given it by the public press and leading citizens generally.

At San Francisco the general interests in the subject resulted in an

organized effort to increase the trade of that port with the countries southward, and a similar organization was formed in Philadelphia.

On the west coast of Mexico the opportunity offered for inquiries at the ports of call for the steamers, which was improved as far as was practicable; and the United States consuls at Mazatlan, Manzanillo, and Acapulco furnished, at my request, reports reviewing the conditions under which external trade was presented at their respective ports. From these it appears that little change has taken place there for many years, and that German and English houses almost wholly control the supply of imported goods. Little business was done with the United States, either in the export of whatever was sent out of the country, or in the return trade in general merchandise. The channel for supplying the wants of the country is kept closely in the hands of a few, who grant long credits and charge high prices, and who never identify themselves in any manner with the improvement of the country.

The reports of the consuls are quite explicit in stating the present difficulties in the way of any satisfactory extension of the trade of that coast with the United States. These provinces of Mexico are many of them fertile and capable of abundant productions; especially Colima and Guerrero.

The United States consul reports that the first named is capable of producing fifty times its present amount of tropical staples—coffee, rice, cotton, sugar, and indigo; and that many articles of merchandise now received there from Hamburg, and sold by Hamburg merchants, *came originally from the United States*, being sent from New York to the European depots in which assorted cargoes are made up for general export to tropical countries. Both Manzanillo and Acapulco are points at which a large trade should exist with the interior, extending to districts not easily reached from Vera Cruz, or from any other point of the east coast.

Cheaper and more frequent steam communication is much needed on the coast, and when the postal service of that part of Mexico is conformed to the free-delivery system there will be a prospect favorable to the much-needed improvement of the country.

The west coast of Central America is in much the same condition as that of Mexico. Trade with the United States is obstructed in the same manner; and excessive postal charges with high rates for freight unite to restrict enterprise, especially on the part of citizens of the United States. At the isthmus a very material discrimination was found to exist adverse to freights from the United States destined for countries south of Panama, as compared with Liverpool and Southampton freights for the same destination; merchandise from New York or any other city of the Atlantic coast being charged $32 per ton as against $18 or $20 per ton from England. This contract was of course almost a prohibition, and immediate efforts were made to modify it. With the assistance and co-operation of the United States consuls at the isthmus, and the agent of the transit companies there, a meeting was invited with the directors of the Pacific Steam Navigation Company there at Callao. This meeting took place February 20 last on my arrival at Callao, and an agreement was at once concluded equalizing the freight charges in classes of merchandise from New York with those from Liverpool, which was a reduction of about one-third of the amount then charged. Much credit for this prompt action is due to Brandon Mosely, general superintendent of the Pacific Mail Steamship Company at Panama, and to the resident agents of the Pacific Steam Navigation Company, whose rendezvous is at Callao, and whose fleet of steamships has a monopoly of the trade of that coast. At the time of my visit, in February last, the trips of this

line were made thrice a month to and from Panama; they have now been increased to a weekly service between Panama and Callao or Lima.

I may here refer to a recent official statement of the transit trade of the isthmus in goods from the United States, which shows that it had increased in four months ending with September, 1878, 113 per cent. over the transit of similar goods for the like period of 1877, this increase being attributed to the reduction of freights and to the increased demand in Peru and Chili for American goods. It may be stated that the official report of exports going by this route to countries of the west coast south of Panama is set down as to the United States of Colombia, that being the government in which the Isthmus of Panama is embraced. The postal questions considered at Panama, and still more at Lima, after arriving at Peru, were of great importance, and became a necessary preparation for other work.

They are reported on in my communication to the Postmaster-General, and this general reference to them is perhaps all that is necessary here. They were in a condition which sufficiently explains the impossibility of securing any general increase of our trade to those countries heretofore; and although great opposition was developed on the part of interests adverse to those of the United States, and the attainment of the specific object in view was in consequence postponed for some five or six weeks, that result was a complete success, and a decree was issued April 6, 1878, declaring the adhesion of Peru to the Berne Postal Union.

All the information obtained by me as to the business and productions of Peru establishes the position of that country as one of the first rank in natural resources, and in the enterprise through which these resources have been developed.

It offers very great advantages to our merchants in seeking a fair participation in the trade which has so long been held exclusively by other hands; and the demand naturally existing there for manufactures most needing an external market is capable of much greater enlargement.

Peru is much more prosperous than has been generally supposed. An enjoyment for many years of an export trade in the most valuable staples has brought a great return of wealth to the country. At the present time, the partial decline in exports of guano is more than compensated by the increase in nitrate of soda, which is a natural product of the desert province of Tarapaca, in the extreme south of Peru, and is readily prepared by recrystallization for export.

The large number of private works established for the preparation or elaboration of nitrate have now been purchased by the government and capitalized at a cost of about thirteen millions of dollars, in order to retain control of the entire export and create a source of revenue at least equal to that derived from guano. In the year 1877 nearly one-half of the total product of about 250,000 tons was so controlled and exported on government account, and in 1878 it is expected that seven-eighths of this product will be so controlled, none being in private hands after the close of the year.

The immediate coast of Peru in the northern province has great adaptation to the production of sugar, and the rich valley of Chacama, near Truxillo, and other valleys, are in progress of development by irrigation, and the establishment of estates.

The export of sugar is very large. Formerly much of it went to San Francisco, but now it chiefly goes to England. Cocoa, bark, wool of the alpaca, rich silver ores, copper, tin, and other metals are among the large exports. The mining interests in silver and copper are receiving

increased attention, and costly stamp-mills have recently been imported from the United States.

The guano interest is still prolific, and new localities of the deposit are found as those before worked are exhausted.

The most striking feature of the commercial movement of the states of the west coast from Panama southward is the powerful fleet of the Pacific Steam Navigation Company, numbering fifty-two vessels in all, which has its headquarters at Callao, and from this point conducts a weekly service to Panama in one direction and Valparaiso in the other, with a semi-monthly service through the straits to Europe, by way of the River Plate, Rio Janeiro, and Pernambuco in Brazil, and Lisbon and Havre on the other side of the Atlantic.

Vessels of the largest tonnage known to the steam service are employed in these lines, while on the immediate coast of Peru and Chili quite a large number of smaller steamers are engaged in the coast trade, all belonging to the above-named company. The great want of this coast is a line representing the United States, and the most confident expectations were entertained that the result of these inquiries and personal investigations prosecuted under the authority of the United States would be the establishment of such a line. Whatever the source of the feeling there existing, there could be no doubt of the fact that a strong aversion exists to the exclusive control so long held by a single interest, and that, as the business has again and again doubled in amount, increasing the equipment of the present line from two vessels, as originally established in 1844, to fifty-two vessels at the present time, there is room for at least another line under the protection of the United States, a new and most welcome power to the people of the west coast in such a competition.

To compensate such a line for carriage of the mails, direct proposals were made to me to apply to it the present annual mail-service appropriation of Peru, which is $116,000; and after my arrival in Chili the like proposition was officially indicated as being available on the part of the government, the annual sum being $100,000.

The commerce of this coast is rapidly increasing, chiefly through the increase of transit trade at the isthmus, in merchandise from the Atlantic States, and the limit of this increase is far beyond any present estimate. An examination of the map will show that it is the most direct and the shortest possible line of transportation southward, and it should take all the mails to and from Europe, from the isthmus down to Valparaiso. At present a considerable share of the mail matter is dispatched by the Pacific Steam Navigation Company's vessels, through the straits, on the longest possible route, and crossing the Atlantic twice after the long passage of the straits before reaching New York. As a leading element of the present as well as future business of the west coast, the nitrate product has the largest place. It is found native in large quantities in the valleys within the first low range of mountains, and it extends in greater or less abundance through the entire arid belt from the province of Tarapaca in Peru, all of which is included in it through the Bolivian province of Autofagasta, and inclusive of the entire province of Atacama in Chili.

The chief ports of production and export now are Iquique and Pisaga, in Peru; Migillones and Autofagasta in Bolivia; and a small amount from the new port of Taltal in Chili. Altogether, there is now an outward movement of 300,000 tons per annum, of which less than 80,000 tons comes to the United States, one-half of this direct, and the remainder indirect, by way of Europe. As this product has become indispensable

to the larger industries of every country at the present time, and is at the same time the chief reliance as a fertilizer in many parts of Europe, it will certainly increase in importance with every year. Its present transportation is at a cost so great per ton—about 48 shillings sterling—as to justify the expectation that it will enter into the calculation of steamer freights at no remote day. For a long period of the past the production of silver and copper has afforded a steady export from Peru, Bolivia, and Chili, which always made paying freights for steamers. The copper export of Chili has controlled the English market for many years, and it is commercially available as soon as it is smelted, the stocks in hand for shipment and the actual quantities shipped being reported as fully as the arrivals in London or Liverpool. The leading part that this production of copper plays in the commerce of that coast was strikingly shown at every port of call south of Lima, and particularly at Valparaiso.

The larger cities and ports of Chili reproduce the activity and enterprise that were so noticeable at Callao and Lima, and fully confirm the view that the great agency in building them up has been the steamer lines. At Valparaiso, as at Callao, the arrivals and departures of first-class steamers are almost daily; and in addition to these, the large fleet of vessels in the nitrate trade rendezvous and refit at Valparaiso, or at the port of Talcahuano, south of Valdivia. As the actual ports for loading the nitrate, of Iquique, Mejillones, &c., are not adapted to repairs and refitting, the care of the fleet falls to leading houses at Valparaiso, who provide for it at more favorable points for procuring supplies than the desert provinces furnish. I repeat, that very great interest was expressed in the highest official quarters in the possible establishment of an American steamship line to Chili; and had I been empowered to present such a proposition, I would have been met by an official tender of a contract for mail service in a sum not less than that now given the Pacific Steam Navigation Company. This fact is a marked evidence of the interest in such a movement, and the confidence felt in our ability to supply the wants of commerce on that coast.

On my arrival at the River Plate I was surprised to find that much had been done to anticipate the postal propositions in consequence of the publicity given them while under consideration in Peru. There had also been a full discussion of the possible extension of the new American line then in operation to Rio Janeiro, and great confidence was expressed in its early presence in the River Plate. I felt authorized to encourage these expectations to some extent, and to say that any proposition or suggestions the people of Buenos Ayres or the Government of the Argentine Republic might make would be favorably received, and might be instrumental in hastening the enterprise. In consequence of these suggestions I had the honor to receive notice that the postmaster-general of the republic desired to follow up the acceptance of the Berne treaty by a direct appropriation to aid an American line of steamers; and this recommendation was made by special decree of the President to the House of Deputies, and I was subsequently informed while at Rio Janeiro, by a communication from the United States minister at Buenos Ayres, that the House of Deputies had formally approved the grant.

In addition to this, the merchants of that city felt so much interest in the subject that a subscription was made up, of an equal sum, $25,000 per year, for a period of five years.

The development of the River Plate countries has recently been more substantial and permanent than at any former period, and all the com-

mercial states of Europe have made great efforts to share in this external trade.

The Argentine Republic is especially prosperous, and the city of Buenos Ayres affords conspicuous evidence of the commercial value of the staple products of those provinces, and of the growth of their local markets.

The foreign trade of the republic is chiefly with England and France, although Germany and Italy now enter as active competitors.

The exports to all countries are about $45,000,000 in value, of which $3,500,000 come to the United States, and the imports from all countries are $55,000,000 in value, of which, in the fiscal year 1876–'77, only $1,500,000 came from the United States. The imports from England at Buenos Ayres in the fiscal year 1878 were $11,400,000 in value, and the exports to England about $7,000,000. Commerce with Europe is almost wholly conducted on steam-vessels, and with the United States wholly in sailing-vessels.

The change in progress there from sail to steam tonnage is forcibly shown in an official report comparing the arrivals at Buenos Ayres in 1876 with those in 1872, the decline in sailing-vessels in this period being 70 per cent., and the increase in steam-tonnage 50 per cent.

The following was the share of each power in steam-tonnage:

Steam-tonnage arriving—	In 1872.	In 1876.
From England	122,000 tons.	178,000 tons.
From France	67,000 tons.	99,000 tons.
From Italy	27,000 tons.	21,000 tons.
From Germany	11,000 tons.	71,000 tons.
Totals	227,000 tons.	369,000 tons.

The decline in sailing-tonnage for the same period was as follows:

In 1872	1,922 vessels.	545,000 tons.
In 1876	637 vessels.	168,000 tons.
	1,235 vessels.	377,000 tons.

Or more than seventy per cent. upon the totals of 1872. No steamer arrivals took place in either year from the United States; and of sailing-vessels the same report shows the decline to have been from 88,000 tons in 1872 to 19,000 tons in 1876.

The staples of export from this republic to the United States are hides, wool, hair, and bones or bone ash. The production of the interior is enormous in these products, as it has been for almost half a century. The same leading articles go to Europe, with the addition of tallow, oil, cured meats and extracts, and coffee.

A large quantity of tobacco was sent to England ten years since, but tobacco is now imported from the United States.

The returning fleet of steamers takes up cargo at Brazilian ports, in addition to their landing here; coffee being now almost exclusively carried by steamers.

The import trade from England, France, and Germany embraces every variety of manufactures; iron and machinery, with cottons and woolens, being the chief values. From England the exports to Buenos Ayres twice doubled in value from 1856 to 1872; having been $1,042,221 in 1856, $1,984,736 in 1868, and $3,911,419 in 1872; falling off, however, to $2,800,000 in 1877.

The only relieving feature of trade with the United States is shown in a commercial statement just issued, which gives for the calendar year

1877 a very considerable increase in the quantities of our exports to the River Plate, Montevideo bearing included with Buenos Ayres. In this statement petroleum, alcohol, sugar, tobacco, cotton goods, drugs, &c., being each more than twice as great as in 1876, and many other articles showing a large increase, this fact justifies the belief that if equal facilities in steam transportation could be obtained, a large and immediate increase in our export trade to those countries would follow. In Uruguay and Montevideo almost exactly the same general conditions exist as at Buenos Ayres. The export and import staples are the same, and the same commercial fleet conducts the trade. The comparatively limited area of Uruguay is not only more fully occupied, but it is also supplemented by the country tributary to the great rivers on the east side, including Paraguay, all which add to the business and commercial importance of Montevideo. The volume of trade here does not increase at the present time as rapidly as it does at Buenos Ayres, and there is now considerable direct foreign trade to Rosario and Cordova, cutting off some of the trade formerly coming down the river otherwise.

Leaving Montevideo with the powerful fleet of steamers taking this course to Europe, five days' time serve to reach Rio de Janeiro, the larger vessels of these lines having no port of call after leaving Montevideo, although there are two or three ports of commercial importance in Brazil south of Rio de Janeiro, Rio Grand de Sul, Portobello, and Santos being the chief. The distance, 1,100 miles.

Brazil is the greatest and the most actively commercial of South American states. Its productions of coffee, sugar, cotton, rubber, hides, &c., bring a very large return of exchange from every part of the world, and this return may be demanded in money, if Brazil chooses, or it may be made in merchandise such as the people of Brazil must consume. The shipments of coffee to the United States alone bring a return of thirty-five to forty millions of dollars annually, only a small share of which can be paid otherwise than in coin or in gold exchange on London.

Rio de Janeiro is the central point of commercial activity for the entire east coast of South America, and the point to which all steamship service is directed, both going out from and returning to Europe. It is also the central point of the coffee production of the empire, and has tributary to it almost the whole of the exporting coffee district. The rich city and province of San Paulo, with other of the best interior districts, find their outlet wholly at Rio Janeiro. The result has been to make this city and port the center of a very large and profitable trade with every country of the commercial world, and the city has become rich and populous as the capital of the empire in every respect.

The coffee trade is the main element of the commercial movement at Rio de Janeiro, and more than half of this immense production comes to the United States. In the fiscal year 1875–'76 the quantity sent to this country exceeded 250,000,000 of pounds, valued, exclusive of freight, at $40,000,000. This would afford 120,000 tons of freight, or 10,000 tons per month from Rio Janeiro each year, exclusive of all other merchandise. The increase in production appears to be going on steadily in the provinces back of Rio Janeiro, and in the United States the consumption increases even more rapidly, and there is scarcely a limit to this trade, which is so profitable to Brazil and so necessary to the United States.

At present a large amount of coffee produced in the San Paulo province is shipped at the port of Santos, nearly two hundred miles southwestward from Rio, a port to which many sailing-vessels from the United States go. Railroad connections with the interior, however, now bring

Rio Janeiro into easy communication with San Paulo and all the adjacent provinces, and facilitate any concentration that may be desirable. These railroads will soon reach the table-lands of Matta Grosso and the mining province of Minas Geraes, with the effect to greatly increase the importance of Rio Janeiro as a point from which easy communication can be had with the interior. The introduction of machinery and manufactures from the United States is making rapid progress in this part of Brazil. Railway supplies are preferred, for several of the roads, of the patterns peculiar to this country, and a large number of miscellaneous manufactures now find favor there.

In the city of Rio Janeiro the best forms of modern municipal improvements are already introduced: Street railways after United States models, and many other forms; lighting, paving, sewerage, &c., all are common in the large cities of South America. The steamship fleets that are everywhere so conspicuous as the present means of conducting South American commerce are centralized at Rio de Janeiro. To a great extent they owe their existence to the liberal policy of the Emperor's Government, which has, from the opening of the British Royal Mail Steamship Company's line, thirty years ago, given them a liberal compensation for conveying the mails. The benefits of this liberal policy have been great to Brazil, and it is still the leading purpose of the Brazilian Government to favor mail-steamer connection with every commercial country that offers reciprocal encouragement.

There are now six English, four French, two German, and two Italian lines of steamers trading to South America, and passing Rio Janeiro, to which one from the United States has finally been added. This large supply of transportation has created much of the production it serves to exchange by opening new markets and securing remunerative prices. Thus the value of coffee has been advanced from eight to nine cents per pound in 1857 to 1860 to sixteen or eighteen cents for the last three or four years, the entire advantage of this increase falling to Brazil in our case, since we had no means of exchanging manufactured products at the current prices. To England and France, however, a like advantage was secured by the sale of manufactured goods at equally high prices.

The inauguration of the British steamer lines to Brazil was followed by a very rapid development of the trade between the countries. In 1853 it had increased 150 per cent. over 1848, and in 1855 it had increased 300 per cent., consuming less of Brazilian produce than we do, and sending out very great quantities of manufactured goods. This trade has been especially profitable to England and adverse to the interests of the United States.

In Rio Janeiro I met with many proofs of the desire of the Brazilian Government to enlarge their direct trade with the United States. Any advances made by our people or government, by the establishment or encouragement of communication by steam (the essential resource for the accomplishment of this purpose), would be met by equal liberality on their part, and every such enterprise can rely upon recognition, and compensation for carrying the mails, if the like recognition is given by the United States.

Leaving Rio de Janeiro the coast northward is lined with rich provinces, and the great cities of Bahia and Pernambuco are only second to Rio Janeiro in the export of staple products: sugar, cotton, hides, rubber, &c. A large amount of sugar comes to the United States, especially from Pernambuco, which is surrounded by rich sugar-plantations. Their trade in cotton is, of course, wholly to Europe. Both these are

very old cities, well built, spacious, and now supplied with almost all modern improvements.

Bahia has over 200,000 inhabitants, and it was the original capital of Brazil. Pernambuco is at the extreme eastward extension of the continent, 500 miles eastward and 1,100 miles northward of Rio Janeiro, and the port of first arrival and last departure for almost every vessel of the European steam-fleet in South American trade. It has about 150,000 inhabitants, and is especially well built for a tropical city. Its export trade embraces 50,000 tons of sugar and 150,000 bales of cotton, and a large amount of rubber and other articles.

Northward from Pernambuco, the steamship trade previous to the opening of the present American line was chiefly confined to a fine coast-line of Brazilian vessels, running from Rio Janeiro to Para. Although a line from Liverpool and Southampton runs direct to Para, all the regular European steamers cross the Atlantic from Pernambuco, and call at Lisbon and Havre. By the heretofore prevailing mail-route all United States correspondence crossed the Atlantic twice, both going and returning, taking a circuitous route three times as long as that run by the new line which has been opened by the enterprise of Mr. John Roach.

From Pernambuco the direction of the coast is in a right line toward the United States, and there are several large cities and productive provinces before reaching the Amazon. Parahiba, Ceara, and Maranham are the largest, each having a large population and a considerable foreign trade. Finally, Para, at the mouth of the Amazon, a city of 30,000 or 35,000 inhabitants, and one of the oldest in Brazil, opens up the commerce of the great valley of the Amazon. There is now, and for sometime past has been, a line of steam communication from Liverpool to Para, and connecting with steamers up the Amazon to Manaos, the capital of the province of Amazonas, near the mouth of the river Negro. The trade of this upper country is less developed, however, than that of other parts of Brazil. Great as the future capacity of the valley of the Amazon is, there is less that is available for immediate exchange with the United States than in the coast provinces. Para will be a point of importance as the entrepôt to a great area of the interior, prolific in tropical products, and reaching almost across the continent by an easy water-route.

The entire coast of South America, both on the west and on the east, is accessible only by sea, and all the leading elements of present wealth are found in narrow belts of the coast-line. The first point that arrested my attention was the prominence of this maritime character, and the necessity of providing for access by sea on the part of the United States, if we are to conduct any large share in the general trade of these countries.

They will, for all time, be the theater of an active ocean commerce, conducted chiefly, if not wholly, by steam-vessels.

One proof of the necessity for their use is the difficulty of the passage through the Straits of Magellan by sailing-vessels, and the frequency of wrecks, and protracted delays there. The rapid development of the last fifteen or twenty years has been almost wholly through the agency of steam-lines, and the enormous amount of merchandise carried in both directions is the creation of the steamer service.

The products of the west coast countries have doubled within twenty years, and those of Brazil have also doubled. English trade is the largest in South America, on an average amounting to 50 per cent. of the total trade of each country, and it is everywhere the creation of the vast fleet of steamships which England has placed in that service within

the past thirty years. In 1863, the total value of British exports to all South American countries, except the Guianas, was £10,546,000, and the imports from all amounted to £13,922,350. In the ten years of extreme activity that followed, this trade was doubled, the exports of the same countries being £20,776,119, and the imports £20,351,374.

In short, a trade of $50,000,000 in each direction, was increased, in ten years, to $100,000,000 in each direction; our own trade with the same countries remaining stationary, and in some cases actually declining during this period. The greater actual distance to Europe was a relatively small obstacle to trade, compared with the advantages of regular and safe communication and the certain dispatch of mails. The preference everywhere shown for American articles, and for a degree of close association, amounting almost to an alliance with the United States, felt itself baffled and defeated by the want of equal facilities.

The condition of dissatisfaction with European exclusiveness prevails at all the commercial centers of the west coast, and also at Buenos Ayres and Montevideo.

Not until I reached Rio Janeiro was there any satisfactory reply to be made to the general inquiry for steam communication with the United States, but at this port we had the great satisfaction of finding the large and perfectly appointed vessels of Roach's line, making regular trips from New York to Rio Janeiro, and receiving the welcome in Brazil which we had been assured would be tendered at Lima, Valparaiso, and Buenos Ayres to any American steamship line extended to those ports. This line was taken for more than a mere commercial venture by the people of Brazil: it was received as an evidence of national courtesy and good feeling, and its presence on that coast has already done much to restore the prestige of the American flag, and to redeem our commercial reputation with countries which would in a short time develop a trade with the United States equal to that now conducted by them with England.

We have shown that this trade five years ago reached one hundred millions of dollars each way in value, or two hundred millions in all. The general result of my inquiries, derived from the practical experience of all the South American states, and from personal inspection of their present commerce, may be summed up as determining the point that direct mail service and steamer communication are indispensable to the opening of commercial relations on any satisfactory scale.

The relations those countries hold to England and Europe generally, have been developed very rapidly and by the single agency of steamship lines; successive additions to these lines at frequent intervals during the last ten or fifteen years have built up the largest aggregate steam commercial fleet of the world, there being not less than fifteen distinct lines trading between South America and Europe, employing together about *one hundred and fifty* first-class ocean steamships—an enormous aggregate of commercial force.

First, there are two lines connecting Havre and Southampton with the Isthmus of Colon and Panama, to draw from that point everything intended for Europe direct. Next, on the west coast from the Isthmus down is the powerful fleet of the Pacific Steam Navigation Company, numbering fifty-two vessels, many of which are of the heaviest tonnage known to the merchant service.

The aggregate tonnage of this fleet is about 75,000 tons, and it now constitutes a weekly service between Panama and Valparaiso, extending semi-monthly around the straits and via the River Plate and Rio Janeiro to Europe. A detailed schedule of the names and tonnage of each of these vessels of this company will be found in the appendix.

Going southward from Panama several other lines are found: first, the German line, "Kosmos," numbering six first-class steamers, and making up a monthly line from Callao via the straits to Hamburg; second, the South American Steamship Company, constituting a weekly line from Callao to Valparaiso. This line, although apparently local as between these two points, comes in largely for general trade. At both Callao and Valparaiso the arrival and departures of first-class ocean steamers are daily, exclusive of much minor service by coast lines. Passing the straits and coming to the east coast at the River Plate, the greatly enlarged steamer-service excites astonishment, there being no less than four English, two French, two German, and two Italian lines between the countries of this great river and Europe, employing more than one hundred first-class ocean steamers. The list of these lines follows:

1. The Pacific Steam Navigation Company, semi-monthly, 12 steam.
2. The Royal Mail Steamship Company, monthly from the Plate, 10 steam.
3. The Allan Line, semi-monthly, 10 steam.
4. The Liverpool, Brazil and River Plate, Lawport & Holt, 20 steam.
5. The Clyde Line, monthly, 6 steam.
6. The North German Lloyds, tri-monthly, 8 steam.
7. The Hamburg and South American, semi-monthly, 7 steam.
8. "Chargeurs Réunis," French, fortnightly, 8 steam.
9. "Compagnies Messageries Impériales," monthly, 8 steam.
10. "Societe Générale Transportes Maritimes," monthly, 8 steam.
11. The Genoa Line, monthly, 4 steam.

The names and tonnage of each of these vessels will be found in detail in the appendix, as taken from their advertised service for 1878 during the period of my visit. The business of the countries of the River Plate must be very large to maintain this enormous fleet, almost wholly in transatlantic carriage.

At Rio de Janeiro the same service exists, every vessel arriving for or leaving from the River Plate countries necessarily touching at Rio Janeiro, and in addition the Royal Mail Steamship Company, the oldest on the east coast, doubles its service from this point, employing twenty-four vessels in all. There are also several irregular lines and scattered arrivals, making up at least thirty additional steamers to the list above given. There is also a tri-monthly coast line, the Brazil Steam Navigation Company from Rio Janeiro northward to Bahia, Pernambuco, and Para, on which, as on the west coast, there is much general trade. There is also at Para a direct line, the "Red Cross Line," to Southampton, employing some steamers; and from Para up the Amazon Steam Navigation Company runs up the Amazon to Manaoe and San Antonio.

We have brought this general account of the steamship service of Europe to South America into this condensed statement for the purpose of showing the force of the commercial movement so represented, and the futility of all expectations that the trade of those rich countries is to be reached in any adequate manner by the employment of sailing vessels.

The triumph of English, German, and French commercial interests there, which was most conspicuous a few years ago, was secured by placing on these routes more efficient carrying agency. In this manner the most valuable products of all those countries were swept into the London markets, and to these markets we have for many years been compelled to resort to obtain the supply necessary to sustain our industries. All these products would easily be brought here for consumption had we only a small share of new and efficient steamers securely in that trade.

The manner in which this extensive steamship commerce has been sustained is important as a guide to what is possible in our own case. It appears that from the outset a liberal compensation for mail carriage

has been paid, first to the Royal Mail Steamship Company, which yet receives from the British Government £174,914 per year for its entire South American service; the same line receiving a liberal payment for mail service from Brazil. The Brazil and River Plate Company receives less, £46,885 only; its compensation being distributed upon branches not covered by the Royal Mail Steamship Company. This company has had an allowance from Brazil also, which ceased, however, in 1877.

The Pacific Steam Navigation Company receives but £16,000 directly, but has in addition 3*s.* 6*d.* per pound of mail matter carried; both paid by the British Government; and more important than these, it receives from each of the governments of the west coast a liberal sum: from Peru $116,000, Chili $100,000, Ecuador $8,000 per year, together probably equal to $500,000 per year.

In concluding this review of the condition of general commerce in South America, and particularly of the present position of the United States in that trade, it is an occasion for great regret that its importance has been so long overlooked.

All the states visited were more largely developed commercially than was expected, with more of staple merchandise to send to foreign markets and a larger demand for manufactured goods to be returned than was expected. The presence of steam lines has created a remarkable degree of activity in the production of all these staples, and the trade has grown equally with the increase of facilities. It is, however, yet in its infancy. In Peru the production of sugar and nitrate of soda can be increased threefold by the mere supply of machinery and other necessary appliances. With an opening of direct trade with the United States, silver, copper, alpaca, wool, and many other articles are capable of like increase, and practical work in opening mines and irrigating the fertile sugar valleys, and preparing new estates, is proceeding on a large scale now. In Chili a great area of natural deposits of nitrate is about being opened; copper, silver, and gold all making better progress than before; and the Great Southern Railway in this state is opening communication with rich grazing and grain-growing provinces until recently little known. Coal mines are also worked in Southern Chili, the coal from which, although not of superior quality, is valuable if mixed with equal proportions of American bituminous coal, thus opening a new and most remunerative market for our coal of this kind. Steps are now in progress for the preparation of these coals on a large scale, for the use of steamers in the South Pacific.

The anxiety shown in the cities of Buenos Ayres and Montevideo for the inauguration of steam communication with the United States would appear to be easily met, now that we have a beginning so acceptable at Rio Janeiro. If the proprietors of the present line to that city were encouraged to make an early connection of at least one vessel to the River Plate, it would be taken as an assurance that little time would elapse before the straits would be passed to Valparaiso, and that connection would be made at an early day at the Isthmus with a line down the west coast. The business offering at Buenos Ayres is very favorable, especially in the demand for manufactured goods. Recent commercial statements show a rapid increase in the shipment to the River Plate of every description of merchandise and manufactures from the several European ports with which steam communication has been established.

The mail service on the east coast is a matter of great importance, and commercial enterprises are much embarrassed for the want of something more frequent than monthly mails. The direction of public senti-

ment and the irresistible pressure of effort on the part of business interests are all in this line. All demand the establishment of this new commerce on a scale worthy the honor and name of the United States among nations, and with the equipment of vessels suited to the service in the present age.

It is impossible to remain excluded from the most natural as well as the most profitable commerce of modern times; to permit the vast trade of a continent, which is our own by every natural law, to continue to be a monopoly of remote nations, from which we are excluded only because we have neglected to protect our own interests by the employment of adequate means fully and at all times within our control.

I have the honor, &c.,

J. W. FRALICK.

PHILADELPHIA, PA., *December* 7, 1878.

[For appendices mentioned, see the letter from Mr. Fralick to the Postmaster-General.]

POST-OFFICE DEPARTMENT,
Washington, D. C., December 14, 1878.

SIR: I have the honor to transmit herewith, in order to enable your Excellency to answer the resolution adopted by the Senate on the 5th instant, a copy of a report received by this department on the 23d November last from Mr. J. W. Fralick, agent of an association of merchants and manufacturers of Philadelphia, who, with letters of approval and commendation from the Secretary of State and the Postmaster-General, visited Brazil, Peru, Chili, and the South American states for the purpose of inquiring into the particulars of the postal service in those states, and of promoting the interests of the commerce of the United States with South America.

I also transmit a copy of a letter dated May 27, 1878, from Mr. Lorin Blodget, of Philadelphia, chairman of "The Associated Industries of the United States," reporting the results of Mr. Fralick's mission to South America so far as they were known at that date.

I am, very respectfully, your obedient servant,

D. M. KEY,
Postmaster-General.

To His Excellency the PRESIDENT.

Mr. Fralick to Mr. Key.

Hon. DAVID M. KEY,
Postmaster-General:

SIR: I have the honor to submit the following report of the results of the mission to Brazil and the various countries of South America, with which I was charged under authority of the Post-Office Department of October 12, and the accompanying letters of the honorable Secretary of State of November 1 and December 10, 1877, the objects of which, as stated in the letters of authority, were "to inquire into the particulars of the postal laws and regulations of those countries, that suitable measures may be taken in the interest of commerce to liberalize and perfect the mail communications between those countries and the United States, especially as regards the forwarding and delivery of correspondence at its destination without unnecessary delays or the imposition of additional postal charges."

Impressed with the importance of these objects, and aware of the great difficulties in the way of free postal and commercial communications with those countries, the most careful preparation was made for the execution of the specific duties committed to my charge, and arrangements were made especially to enforce attention to the advan-

tages which would follow the acceptance by those countries of the principles of the Berne Postal Union. This was believed to be the most practical form which could be given to my efforts, and the first important step toward the opening of commercial relations of a direct and satisfactory character; and the subsequent experience of the mission fully confirmed this view. In fact, the heavy charges then imposed on correspondence with the non-treaty countries of South America constituted an almost insuperable difficulty with business men, particularly when contrasted with the low rates and prompt mail service afforded with European countries under the Berne Postal Union. Business men in both countries have found postal communications with South American states obstructed by many onerous considerations not occurring between the United States and Europe, nor in the commerce of Europe with South America, the worst of these being not so much in the excessive charge for postage as in the want of any regular carriage of the mails, even by sailing-vessels, except by routes touching at remote countries of the continent before reaching the United States, and passing wholly through foreign lands.

The season of my departure being not favorable to visiting Brazil in the first instance, I proceeded, by way of Saint Louis and San Francisco, to the west coast of Mexico and Central America, receiving both at Saint Louis and San Francisco the strongest testimonials to the interest felt in the objects of the mission. The commercial authorities of these cities understood that, if successful, its results would be of great importance to their future commerce with those countries.

Though not technically embraced in the scope of my directions, I found the opportunity offered for investigation on the west coast of Mexico and in Central America, with respect to the postal service there, and I therefore made efforts to obtain information at the ports of steamer's call of Mazatlan, Manzanillo, and Acapulco, the results of which confirmed the impression that great changes were needed there, and that until they were effected the opportunity for commercial interchange at those ports could scarcely be said to be practicable.

The great cost of local postage, and the absence of facilities for sending mail matter to the interior, had the effect to retain trade in the hands of those who had secured a monopoly of it, and to exclude citizens of the United States from any considerable participation in it. The actual rates paid were calculated on the basis of 25 cents for the quarter ounce, exclusive of steamer rates. The detailed statement of these rates, with an intelligent statement of their commercial consequences, will be found in communications of Consuls Dieckeman, at Manzanillo, and Sutter, at Acapulco, herewith inclosed. These are matters of great importance to the people of the Pacific States particularly, whose intercourse should be much greater than it now is with the ports of that coast in Mexico and southward.

It is gratifying to learn that Mexico has, since the date of my visit, taken steps to enter the postal union, and to remove the restrictions and impediments referred to.

The States of Central America could not be made the subject of much investigation into postal matters; but, generally, the obstructive service, and the cost and uncertainty of mail communication, separate them to a great extent from contact with people from the United States and the influence naturally resulting. Unless direct efforts are made to bring them into measures now in progress to reform the postal service, much time may elapse before the difficulties are removed. At the Isthmus of Panama, which is in the jurisdiction of the Government of Colombia, very important results were attained in the direct line of the objects of the mission. The postal service there was found to be obstructed in the most remarkable manner: first, by the general use of the lower single rate of 10 grams, or one-third of an ounce, instead of 15 grams or the half ounce; next, by the retention of all letters or mail-matter in the local offices "until called for, or paid for, until they rot," in the expressive langnage of Consul Thorington; and, lastly, by the absence of any control or regulation on the part of the Government of Colombia as to the carriage of mail-matter southward from Panama. The Pacific Steam Navigation Company, an English corporation, is the only line of mail consequence on that coast southward from Panama, and it carries what it chooses, or rejects as it chooses, as being unmailable or insufficiently paid: and it also collects its own postage, in English stamps, at the rate of 6 pence the 10 grams for letters, or one shilling the half ounce. The transit of mails at the Isthmus is, in fact, wholly in the hands of the transit and steamship companies, delivering all mails to the American and British consuls, who are postal agents, and who separate the mail-matter, retaining what is for themselves, or to their care for officers or employés of the railroad and steamship companies, and placing all other matter in the local offices for delivery. It is there charged with a high delivery rate—10 cents for each 10 grams, or 20 cents the half ounce—and retained until called for and paid for. The appended reports of Consul Thorington, at Aspinwall, Consul Long, at Panama, and particularly the valuable letter of Hon. F. W. Rice, formerly many years in the consul service in Spanish-American countries, still more completely explain the conditions there prevailing.

The attention given the objects of the mission at Panama was instrumental in call-

ing the attention of the Colombian Government to the bad condition of this service, and soon after that government by decree abolished the delivery charges at four of the principal offices, Panama and Colon, Aspinwall being the principal; and since that time other ameliorations and improvements are reported. It should be observed that the minimum rate of one-third of an ounce or 10 grams, instead of the half ounce or 15 grams, prevailed generally on the Isthmus and in Central America, as well as on all mail carriage southward. This had the effect to double the cost of half-ounce letters, both for delivery at the Isthmus offices and for the mails to Ecuador, Para, and Chili. The Pacific Steam Navigation Company's charge of 5*d.* the single rate became 1*s.* on the half ounce, and the delivery charge of 10 cents the single rate became 20 cents the half ounce. The total, to or from Para, including delivery, was, therefore, 54 cents. The Pacific Steam Navigation Company is also paid 3*s.* 6*d.* the pound weight, for all mail matter carried, by the British Government.

No further inquiry was possible, at the date of my visit to Panama, into the postal administration of the United States of Colombia. It is probable that in all ports of that country substantially the same condition of the postal service prevails as at Panama, and I am now advised that the proper steps have been taken to become identified with the postal union, a preliminary decree and formal application having been made, directed to the proper authorities at Berne. With Ecuador the United States have for some years had a special postal treaty, which was not practically, however, of any value, because neither that government nor our own could carry the mails by sea to or from that country. But with the general adoption of the terms of the union, the carrying lines by sea must conform to the general rules, and the result will be to equalize the rates to Ecuador. Postal access to that country is only possible at the port of Guayaquil, a port of call for the vessels of the Pacific Steam Navigation Company.

The most important State of the Pacific coast of South America, and the leading object of the mission, was Peru, which was reached February 18. It was, evidently, of the greatest importance to obtain the assent of this prominent and influential State to the postal union, since that would necessarily carry with it the concurrence of all the other States of the Pacific coast. There was, in fact, much to overcome in the position of Peru at that time: not only in the recent adverse action taken on the application of France and Germany, but in the sacrifice of revenue by remitting the existing delivery postage; and again, in the possible increase of cost to Peru of the external service, for which they must rely on the one line of steamers belonging to the Pacific Steam Navigation Company. But a motive paramount to all these considerations eventually controlled the action of the government—a disposition to favor the wishes and influence of the United States, as against the long-continued ascendency of European monopoly. The circumstances were, from the outset, encouraging, from the fact that both public officers and leading citizens appeared to regard the proposition in a broader light than as a mere question of postal reform, and rather a tender of new commercial relations and of friendship on the part of the United States. This feature of the negotiations was many times shown in the immediate interchange of suggestions, and it was fairly reflected in the official report of the progress and completion of the work forwarded to the State Department by the United States minister in Peru. After several weeks of delay, necessarily incurred, the decree of acceptance of the Berne Postal Union was promulgated April 6, 1878. A copy of this decree, translated, will be found in the appendix.

The general influence of the negotiations, while in progress in Peru, was evident in the public discussions taking place in Bolivia and in Chili; and before my departure from Lima, on suggestion and with the support of leading officials and citizens of Peru, I addressed the secretary of foreign affairs of Bolivia, and also the secretary of foreign affairs of Chili, to consider the proposition to enter the postal union, and had the great satisfaction of learning, before the conclusion of the negotiations in Peru, that the assent of Chili, at least, and probably of Bolivia, would be declared nearly simultaneously with that of Peru, being informed by a dispatch from the minister of foreign affairs in Chili, sent to the government of at Lima, and officially communicated to me, of the purpose of the Government of Chili to decree the acceptance. The decree immediately followed, and information of the fact was forwarded to the United States at the same time with the announcement from Peru. The general effect of these proceedings was felt in all the countries of South America not then in the union, as I subsequently learned in Uruguay and the Argentine Republic. Venezuela, also, took important steps in the same direction, and has since become a member of the union. The several notices of this general action are valuable as evidences of the friendly spirit shown toward propositions representing the wishes of the people and Government of the United States. It is also gratifying to be able to report that the most earnest congratulations were tendered me on the promulgation of the decree by representatives of each of the foreign governments having legations at Lima.

Notwithstanding the conclusion of the postal question in Chili, I visited that country directly from Lima, finding a general spirit of friendship for the people of the

United States, and an earnest wish for closer commercial and business relations. The delay in getting the exact terms of the postal reform into practical operation was still an obstacle to be overcome; but the most liberal tenders of aid to a steam mail service from the United States were made. The present contract with the Pacific Steam Navigation Company for such service is at the rate of $100,000 per year, and this measure of aid to a line from the United States is undoubtedly available both in Peru and in Chili.

Before leaving the consideration of the postal service on this coast, it is proper to state that the greatest interest and importance are everywhere recognized as belonging to it.

The recent rapid advancement of all those countries is the creation of the mail-steamer lines. Commerce has doubled in volume, and metropolitan cities, remarkable for their elegance, their high cultivation, and the spirit and intelligence of their inhabitants, have grown up under this influence. The introduction of the new rates of the Postal Union will still more develop and encourage the course on which these enterprising States have entered. The steamship fleet that has its rendezvous at Callao is very large, numbering fifty-two vessels, many of them of the heaviest tonnage known to the ocean mail service. It was a surprise to see vessels so large employed in a service supposed to be remote and unremunerative. The fleet had grown up from the small nucleus of two vessels originally ventured upon this now immense enterprise by an American ship-builder (William Wainwright), and had advanced steadily from this insignificant beginning as the demand for regular, and certain, and more frequent mails became a necessity of commerce.

The entire mail service of the Pacific coast states to Europe, by way of the Straits of Magellan, carrying with it a large portion of our own correspondence with these states, which is thus transported twice across the Atlantic before reaching destination, is conducted by the vessels of the Pacific Steam Navigation Company, which receives a small sum from Ecuador; the large sum of $116,000 per year from Peru; $100,000 from Chili, and some small payments from the countries of the River Plate. In addition to these aids, the British postmaster-general accounts for all mail matter carried to and from the west coast by this line at three shillings and sixpence per pound weight, and it pays, by direct contract, in other branches conducted by the vessels, nearly $50,000 per annum more. Altogether, the mail compensation paid this line is about $500,000 per annum. The mail and passenger service between the east and west coast of South America, by way of the Straits of Magellan, is almost wholly conducted by the Pacific Steam Navigation Company, and no other English line passes these straits. The steamers making the transit from the west go on to England and the continent, touching at the more important ports of east coast again. Their business is so arranged as not to compete with the Royal Mail Steamship Company, which was the first established on the east coast, and yet retains control of the service to Rio de Janeiro and the River Plate under a very large annual payment by the British Government. The vessels of the Pacific Steam Navigation Company are, many of them, of the largest class, of 3,000 to 5,000 tons capacity,* and their time from Valparaiso to the River Plate is thirteen days. All passage of the straits is semi-monthly, but from Valparaiso to Lima, and Lima to Panama, the service is weekly or oftener.

The postal service of the Argentine Republic has until quite recently been heavily burdened with the old rates of postage, constituting a very serious obstruction to the opening of business with the United States. Printed matter and pamphlets could scarcely be relied upon as mailable; but the changes proposed by my instructions had been anticipated before my arrival, the government having sent delegates to the conference at Paris, and having made preparations generally to enter the Postal Union. This subject had been taken up during my stay in Peru, and the most favorable views were expressed in regard to the proposals of the United States. This approval was shared by the highest authorities, as well as leading commercial houses, the postmaster-general of the republic recommending the following up of the acceptance of the Berne treaty by a direct appropriation to aid an American steamer line, a recommendation which was embodied in a special decree of the President directed to the body of deputies; and notice was subsequently received—before I left Rio de Janeiro—from the United States minister that the approval of that body had been given to aid such service, at least to the extent of $25,000 per year. A like sum was tendered by the merchants of Buenos Ayres, made up by subscription of $5,000 each house, and to continue for a period of five years. To make these tenders of aid immediately available, it is

* The tonnage of some of these vessels is given as follows:

	Tons.		Tons.
John Elder	5,016	Aconcuqua	4,106
Iberia	4,670	Sorato	4,600
Coto Paxi	4,027	Salacia	3,820
Valparaiso	3,574	Magellan	3,800

only necessary to extend the line now running from New York to Rio de Janeiro to the River Plate, and the addition of one steamship to that line will suffice for the purpose.

Upon reaching Rio de Janeiro I found that the government of that empire had already in terms adopted the Berne treaty, but that in many parts of the empire—several important sea-ports—the service had not been brought into actual operation. The uniform requirement of the laws in the Spanish and other colonial governments of South America has heretofore been to exact full postage on mere delivery, whether any postage accrued before reaching a local office or not. This long-standing habit is not easy to change; and, therefore, it will require time and patient effort to secure the actual administration of the free-delivery system in those countries.

In Brazil, the postal service in Rio Janeiro, and in some other of the large cities, is well administered; but in the provinces and more remote interior it has scarcely yet come into operation. The external mail service of Brazil is very extensive and important, the several European governments appropriating liberally for their own lines, and all are aided, to a greater or less extent, by Brazil.

Much information was obtained in South America, from sources not readily accessible in the United States, bearing upon the manner in which the present great trade of European countries with South America has been built up, and some selection from this information may not be uncalled for in this report. It principally relates to steam lines; their inauguration; the compensation given them for mail service by both the home government and by the several states of South America; and the permanent influence these enterprises, fostered and supported in this way, have had on the business interests of the governments concerned. The fact is apparent everywhere that the recent splendid growth of commercial cities, and the enterprise shown by the leading citizens of South American states, are due mainly to the influence of these lines of constant communication with the heart of Europe. Great efforts have been made to establish these lines on the part of the several European powers, and the results have in every case been entirely satisfactory. England had little valuable trade with those states until the purchase of the Wainwright line on the west coast in 1844, and the conclusion of a contract for carriage of the mails with the Pacific Steam Navigation Company in 1845, from Panama to Valparaiso. The Royal Mail Steamship Company began its service in the West Indies a little earlier, and to Brazil at about the same time. And although the French were some years later in entering this field, their success has been equally with that of England—France being second, indeed, in the foreign trade of almost every state of South America. France has a liberal system of mail compensation by sea, the "Messageries Maritimes" having two lines to South America and the West Indies, both liberally paid by France for postal service, and employed with great activity in developing the commerce of these countries with France. Germany and Italy are now following in the same course and emulating the success of those who were earlier in the field.

France renewed its contracts in 1875 with the "Messageries Maritimes" for a semi-monthly line from Havre to Brazil and the River Plate, 99,552 marine leagues, 298,656 miles, for 3,644,000 francs per annum ($703,292), and at the same time renewed the West Indian contract, both semi-monthly, at about the same sum. A line to China and India is paid twice as much, and one to the United States about the same as that to Brazil.

It was everywhere made apparent that it rests with us to say whether the great mass of commercial exchanges of our neighboring countries southward shall remain in foreign hands or be controlled and conducted by ourselves. The government and people of South America are our friends, and they are ready to come upon the closest personal relations with us. Convincing evidence of this is furnished in the fact that we are not only placed upon an equal footing with other nations in the matter of ocean postal service by the tender of an appropriation as large as any we may decide to make for this purpose, the usual arrangement, but are admitted to exceptional relations of confidence by the provision for the very liberal compensation of $125,000 per annum for a period of 10 years, proffered through the favor of the imperial executive department, in advance of any official action whatever upon our part, but contingent upon the payment of a like compensation by the Government of the United States. The advance is made with the assurance that the Brazilian House of Deputies, when it meets in December next, will approve of what the executive has done, and with the reasonable expectation that this proffer of aid from the government to an enterprise of such evident mutual benefit, so urgently demanded by the immediate and growing exigencies of commerce, will be met in a corresponding spirit of enlightened progress upon our part. It is scarcely possible that this mail service will be paid by the Brazilian Government permanently if not recognized at all by our government.

The American line, which was in operation from the United States to Rio de Janeiro, awakened the liveliest interest on the River Plate, as well as in Brazil—the belief being general that the number of vessels would be increased, so as to extend the line

to the River Plate, at least, and probably go through the straits to the west coast. No possible measure could so strengthen the United States in those countries as the official recognition and establishment of such a line. The mere putting on of vessels without such recognition would be considered as a temporary measure only, certain to be soon discontinued. At present we are in a position of almost positive discourtesy toward Brazil, by the failure of the passage of the bill authorizing the establishment of the mail-routes between the two countries, and the proposed contract for the service, and it is difficult to give any satisfactory explanation of the facts.

Certainly a great opportunity for commercial advancement is offered to us at the present time in those neighboring states of our Western Hemisphere—the opportunity to enter markets equal in maritime commerce to the largest of the transatlantic world on terms of peculiar preference and favor, if we do so in what, to them at least, appears the only appropriate way, namely, in our national capacity, with steamers bearing our flag and carrying the mails under contract with our own government. We are at least relieved from humiliating dependence on other countries, and particularly on those whose interests might be construed to be adverse to any opening of the markets to our trade. It is not possible to meet the commercial wants of South America or of the United States by the establishment of a single line of mail-steamers from the United States.

The magnitude of our business, in which ten or twelve lines from Europe have been engaged, will require many vessels, and a reasonable distribution of the service to points where the heavy exchanges of flour and provisions outward, and coffee, rubber, wool, hides dye-woods, &c., make a certain business. The Mississippi Valley, from which the products of our soil are wanted, should equally divide the commerce with the East with its varied manufactures equally in demand.

The European lines are none of them less than semi-monthly, and a service at least as frequent can alone answer the purpose of this trade already offered, in the prompt response required to fill orders. Nor can vessels of less capacity than those now in use serve this trade, either on the grounds of economy of freight, carriage, or in competition with European vessels now in service.

A number of communications and documents of value and significance for reference in regard to the objects of the mission will be found in the appendix.

In conclusion, I have to acknowledge the most uniform kindness and courtesy of government officers, both our own and the authorities of the countries visited, and of leading business men in all the commercial points; favors offered, as I have at all times felt, as an acknowledgment of the respect and friendly feeling everywhere existing toward the people and the Government of the United States.

Trusting that the very important duties of inquiry and negotiation with which I was charged will prove to have been prosecuted with some measure of success, and that the endeavor on the part of the Government of the United States in the interest of a more intimate and satisfactory commercial and social intercourse with neighboring countries may result in substantial and lasting benefit to all concerned, this report is respectfully submitted.

I have the honor to be, very respectfully, your obedient servant,

J. W. FRALICK.

PHILADELPHIA, PA., *December* 7, 1878.

OFFICE OF THE ASSOCIATED INDUSTRIES OF THE UNITED STATES,
Philadelphia, May 27, 1878.

SIR: I have the honor to submit the following report of the results so far attained by the mission undertaken, under the auspices of this association, for the purpose of removing the postal and commercial obstructions found to exist restricting the free communication with Central and South American states, which has become a necessity with our business interests.

In December last the object of this movement had the favor to receive the approval expressed in your annual report and in your letter or commission to our agent, Mr. Fralick. He was authorized to present your approval and recommendation of his mission to the postal authorities of such of those states as he might visit, with the hope that they might be induced to join in postal reforms. With this object he and his associates proceeded by way of San Francisco, intending to reach all the countries of the west coast, and to bring them all, if possible, to adopt the rates and regulations of the Berne postal union.

At the ports of Mazatlan, Manzanillo, and Acapulco, on the west coast of Mexico, the commission found the obstructions of the local postal service extreme. A scale of local delivery-charges exists, ranging from 25 cents on a quarter-ounce to $5 for a ten-ounce letter, additional to any and all charges for sea transportation either way; and, as no opportunity would ordinarily exist for the proper information of the person ad-

dressed, or the payment of such rates by persons not well known, the most of such correspondence remains undelivered. Prepayment is also required before such letters can be forwarded to interior towns, or moved in any way from one post-office to another. The accompanying table (see Mr. Fralick's report, appendix) of these local rates, as prepared by the United States vice-consul at Manzanillo, is respectfully referred to, and the statement that at other points the local rates are the same in all cases.

A generally similar condition was found to exist in the states of Central America, though the commission did not stop at any point in those states long enough to obtain an exact schedule.

At Panama the commission found the same local charges, and a similarly obstructive postal system, although the charges for simple delivery were less than those of Mexican ports. At Panama, and on the isthmus generally, the charges on delivery were ten cents for ten grams, a third of an ounce, and twenty cents for fifteen grams (the half-ounce), the single-letter standard being ten grams, and not the half-ounce of our system.

It should be observed here that at all the ports and in all the countries visited, from Mexico southward, the single-letter rate is not the half-ounce or fifteen grams, but one-fourth of an ounce in Mexico, and one-third of an ounce, or ten grams, in Central and South America. The former French minimum of ten grams is everywhere the single rate, and the basis of postal charges in those countries; and, therefore, prepayment on the basis of the half-ounce as the single rate does not answer the requirement of their law, and being underpaid, they are charged with large additions on that account.

It will undoubtedly require time to secure conformity to this half-ounce single rate, even after the adoption of the Berne treaty.

The actual practice at the isthmus at the time of the visit of our agent in February last is shown in the accompanying note from United States Consul Thorington, at Colon, Aspinwall, and in the statement of Hon. F. W. Rice, long resident at Panama. (See Mr. Fralick's report, appendix.) In both cases prepayment for delivery of ten cents for ten grams, and twenty cents for fifteen grams, or the half-ounce, was required without regard to paid rates for sea carriage or isthmus transit—neither being a charge on the Colombian Government.

The urgent remonstrances then made by our agent and others, and the publicity given to these excessive charges, and to the object of this visit in removing them, undoubtedly led to the issue of a decree soon afterward by the Colombian Government, releasing the local charges at Panama, at Aspinwall, and at two other ports of transit in the State of Panama.

We are not yet advised of further action by the Colombian government, or by Mexico, in the direction of releasing postal charges of this character, but it is presumed that they cannot long resist the reforms specifically adopted by Peru, Bolivia, and Chili, and soon by all the South American states to be adopted and made permanent.

The state of Ecuador has a treaty of agreement with the United States accepting modified postal rates, which is scarcely operative so long as the transit agencies are under the control of neither country; but after other states shall have entered the Berne union the rates to and from Ecuador must be made to conform to all others. No special effort was therefore made with that country.

Peru presented far the most important field for effort as the largest commercial state of the west coast and the headquarters of the steamship lines of communication in all directions.

Great efforts had, at intervals in the last three years, been made by Germany, France, and Italy to induce Peru to consent to the conditions of the Berne Postal Union, but up to the time of the arrival of our agent these efforts had wholly failed. The English Government had, as we are advised, taken no action in favor of the treaty, and its most powerful commercial corporation on the coast, the Pacific Steam Navigation Company, steadily and vigorously resisted it when proposed and pressed by this commission.

The work was, however, undertaken with energy and spirit by Mr. Fralick, and the warm personal interest of leading citizens of Peru was secured at the outset. It was pressed as a demand of the business and commercial interests, both of Peru and of the United States, and as a measure from which mutual and great benefits were anticipated. The success which attended these efforts is ascribed by Mr. Fralick to these distinctive features of the case, the loss of revenue resulting to Peru, and the possible necessity for the execution of new contracts for mail service with the British steam lines of that coast being compensated by the increase of direct trade with the United States.

The progress of these negotiations was duly reported to us, and on April 12 it was announced by cable that the decree of the Government of Peru was made public, definitely accepting the terms of the Berne Postal Union. After this acceptance shall be promulgated from Berne, the reduced rates will become obligatory on other nations and on the transit countries and carrying lines.

We are informed by the commission that the concurrence of the Bolivian Government was nearly simultaneous with that of Peru, application having been made to them from Lima, and urged upon them by leading citizens of Peru as well as by our commissioners, in the interest of new and enlarged business relations with the United States.

The same influences were enlisted as to Chili, and the press of that country reported the mission and its objects while at work at Lima, and urged an immediate concurrence by the Chilian Government. It is reported to us that this has been given, but the details have not been furnished us, though daily expected from our commissioner who is now at Valparaiso.

There appears to be no reasonable doubt that all the South American countries will avail themselves of the general interest created by these commercial movements, and, in view of their expected benefits, conform their postal laws to the universal demand for the liberal policy of the Berne Union. It is expected that little effort will be necessary in Chili, but in the Argentine Republic and Uruguay the obstacles are greater, and the control held by the British steamer lines is similar to that long existing at Peru.

We believe that the present circumstances are especially favorable to the entire completion of the work of liberalizing the postal service in all the countries of Central and South America; and we beg that your department will relax none of the efforts heretofore made or authorized until this is fully done. All these countries are keenly alive to the anticipated benefits of new and direct trade with the United States, and they welcome any overtures we have made in that direction.

We repeat that at present, and until these reforms are effected, the opening of general business with non-treaty countries is practically impossible; not half the mail-matter sent in either direction, though charged with excessive prepaid rates, is actually received by the parties to whom it is addressed, and the cost of correspondence alone, in many cases of our positive knowledge, has caused the breaking up and discontinuance of business arrangements which would otherwise have been carried on extensively. The obstructive character of the charges at and beyond the Isthmus of Panama are especially noticeable in the exaction of lower single rates than the half-ounce or the quarter-ounce in Mexico, and the 10 grams or $\frac{1}{3}$ of an ounce in all South American countries. Not aware that those are the single rates, letter-postage is paid here only on the half-ounce basis, and therefore rarely or never fully prepaid, thus failing to secure delivery.

We respectfully suggest that some provision be made, even temporarily, to avoid the rejection in our delivery offices of South American matter heavily charged or imperfectly prepaid. The public interests appear to require the adoption of liberal measures until the complete acceptance of the Berne regulations shall remove all difficulty.

Very respectfully, your obedient servant,

LORIN BLODGET,
Chairman, &c., Associated Industries of United States.

Hon. D. M. KEY,
Postmaster-General.

APPENDIX.

STEAMSHIP FLEET OF THE PACIFIC COAST OF SOUTH AMERICA.

The principal steamship service of the Pacific coast of South America is conducted by the Pacific Steam Navigation Company, English, which has on this immediate service, inclusive of its extension through the straits to Lisbon and to England, the following-named vessels:

	Tons.		Tons.
Aconcagua	4,106	John Elder	4,151
Amazonas	2,020	Liguria	4,666
Araucania	3,088	Lima	1,803
Arequipa	1,329	Lontue	1 648
Ayacucho	2,200	Lusitania	3,825
Britannia	4,128	Magellan	2,856
Bolivia	1,925	Oroya	1.596
Callao	1,062	Pacific	2,008
Chili	1,750	Panama	2,008
Chimborazo	3,846	Patagonia	2,866
Colombia	2,200	Payta	1 800
Coquimbo	1,975	Peru	1,400
Cordillera	2,860	Potosi	4,218
Cotopaxi	4,027	Quito	800
Cuzco	3,845	Santa Rosa	2,000
Galicia	3,829	Santiago	1,500
Garonne	3,870	Sorata	4,013
Guayaquil	750	Supe	432
Huacho	449	Tabaquilla	240
Iberia	4,670	Talca	700
Illimani	4,023	Truxillo	1,500
Ilo	1,793	Valderia	1,975
Islay	1,588	Valparaiso	3,574

The largest of these vessels, including all of 3,800 tons capacity and over, are employed on a fortnightly line between Callao, Valparaiso, and Liverpool, sailing on every alternate Thursday from Callao and every alternate Wednesday from Valparaiso and Liverpool. On leaving the west coast, these steamers call at Punta Arenas, in the straits, and at Montevideo, Rio Janeiro, Bahia, Pernambuco, Lisbon, Vigo, in Spain, Bordeaux, and Liverpool.

The Callao and Valparaiso Line runs semi-weekly, sailing from each extremity every Wednesday and Saturday, calling at twenty intermediate ports, including the shipping ports for nitrate and guano in Bolivia and Southern Peru.

The Valparaiso, Callao, and Panama Lines leave Valparaiso semi-weekly, and leave Callao for Panama, and Panama on return, weekly, calling at all important points in Ecuador and Northern Peru.

Through bills of lading and passenger-tickets are issued to and from the west coast and the United States, in connection with the Pacific Mail Steamship Company and the Panama Railroad Company; also in connection with the following companies to and from Europe and the west coast, via the Isthmus of Panama, namely: The Royal Mail Steam Packet Company; West India and Pacific Steamship Company; the Compagnie Générale Transatlantique; also to Central American and Mexican ports and San Francisco on the west coast. The Atlas Steamship Company and Hamburg American line connect with some of their vessels at Colon (Aspinwall) to carry the freights and passengers brought up the coast by the Pacific Steam Navigation Company.

The Compania Sud America de Vapores has the following vessels on the west coast:

	Tons		Tons.
Amazonas	1,373	Itata	
Loa	1,010	Rimal	
Loutue	1,121		

These vessels run in connection with the Pacific Steam Navigation Company's vessels between Valparaiso and Callao.

STEAMSHIP FLEETS OF THE ATLANTIC COAST OF SOUTH AMERICA.

The Royal Mail Steam Packet Company (English), the oldest of these lines, has the following-named vessels in this service:

	Tons.		Tons.
Arno	757	Minhs	1,491
Belize	590	Mondego	1,540
Corsica	681	Moselle	1,093
Dei	1,208	Neva	1,882
Don	2,406	Nile	1,642
Douro	1,785	Para	2,406
Ebro	853	Severn	1,119
Eider	1,018	Tagus	1,892
Elbe	1,773	Tasmania	1,547
Escequito	1,341	Tiber	974
Guadiana	1,597	Tyne	1,207
Laone	1,068		

A considerable share of this fleet now runs in the trade of the West Indies, and does not extend to the Brazilian coast. These vessels are inferior in capacity and appointments to the newer lines.

The Compagnie des Chargeurs Réunis (French) has the following vessels in a line from Havre to the River Plate:

	Tons.		Tons.
Belgrano	1,054	Villa de Bahia	817
Henry IV	963	Villa de Rio de Janeiro	817
Bigadaria	1,778	Villa dos Santos	817
San Martin	1,743		

The Bordes Line from Bordeaux (French) has fifteen steamers irregularly in this trade, namely:

	Tons.		Tons.
Aconagua	691	Pacifique	851
Adolphe	675	Tarapaca	692
Alexandre	683	Valentia	723
Valparaiso	1,230	(And others.)	

The Liverpool, Brazil, and River Plate Steam Navigation Company (English) has the following large fleet, chiefly in the trade of the east coast, but with some voyages to the west coast, and to the West Indies and Mexico:

	Tons.		Tons.
Archimides	900	Humboldt	995
Biela	1,401	Lalande	679
Calderon	660	Laplace	901
Camoens	660	Leibnitz	1,485
Canova	602	Masklyne	1,678
Cervantes	698	Memling	673
Delambre	998	Memmon	833
Donati	947	Newton	838
Euclid	995	Olbers	1,389
Galileo	1,446	Ptolemy	758
Gassendi	801	Rubens	1,267
Halley	995	Thales	965
Helvetius	1,682	Vandyke	1,008

This is usually known as Lamport & Holt's Line, and it is more widely distributed than any other, but chiefly on the east coast.

The Hamburg American Line, or lines, afford the following list of fine vessels, a few of which go to South America and the West Indies:

	Tons.		Tons.
Alemania	1,766	Pomeramia	2,105
Cimbria	1,857	Rhemania	2,117
Cyclops	783	Silesia	1,900
Franconia	2,111	Suabia	2,454
Frisia	1,982	Thuringia	1,886
Gellert	2,394	Vandalia	1,945
Herder	2,313	Vulcan	745
Holsatia	1,847	Westphalia	1,945
Lessing	2,360	Wieland	2,385
Lotharingia	715		

The West India and Pacific Steamship Company (English) has the following vessels irregularly in the trade of the West Indies and South America:

	Tons.		Tons.
American	1,369	Connecticut	1,103
Andrean	1,375	Cuban	845
Australian	1,699	Haytien	1,400
Bolivian	1,577	Jamaican	1,227
Californian	1,287	Venezuelan	1,691
Caribbean	1,186	West Indian	1,278
Chilian	1,367		

The Messageries Maritimes (French) has a large fleet of fine vessels, a few of which are engaged in South American trade.

The Compagnie Générale Trans-Atlantique (French) has a large fleet chiefly in trade with Atlantic ports of the United States and the West Indies.

The Companhia de Navigacio do Vapor de Pernambuco (Brazilian) has five small vessels in coastwise Brazilian trade.

The Amazon Steam Navigation Company (English) has a fleet of ten or twelve steamers, a part of which are for river navigation only, while a part run from Liverpool to Para.

OFFICIAL COMMUNICATIONS, PUBLIC NOTICES OF THE COMMISSION AND ITS OBJECTS, AND ANNOUNCEMENTS OF ITS RESULTS.

POSTAGE RATES IN MEXICO.

The following communication from United States Vice-Consul Dieckeman was forwarded to Panama and thence to Callao. It shows the extremely obstructive rates then charged in Mexico:

UNITED STATES CONSULATE AT MANZANILLO, MEXICO,
February 16, 1878.

HON. JOHN WILLIAM FRALICK,
United States Commissioner:

DEAR SIR: I have the pleasure to hand to you, inclosed, a report on the commercial relations of this port, containing also some ideas in regard to directing the trade of this coast with the United States.

The imports of Manzanillo in 1868 amounted to about ten millions of dollars per annum; since that time it has diminished gradually, owing to the lack of enterprise and the partial way of doing business on the part of the German merchants. To-day the import trade has come to such a point that without obtaining reductions on duties the merchant has no chance to make money. Goods imported from the United States, which are always accompanied by certified invoices, cannot have these privileges. At present the Government of Mexico does not receive the full import duties.

Inclosed I beg leave to hand you a copy of the Mexican postage rates. You will observe that twenty-five cents on a simple ½-ounce letter is rather high, more so if you will consider the mail service between the United States and Mexico is done entirely by American steamers. Letters prepaid in the United States, and brought to this port by American steamers, are subjected to the tariff for the simple service of receiving them and delivering them at the post-office.

Yours, very truly,

J. H. DIECKEMAN,
United States Vice-Consul.

MEXICAN POSTAGE RATES.

Letter.		Letter.		Letter.		Letter.	
Ounces.	Rates.	Ounces.	Rates.	Ounces.	Rates.	Ounces.	Rates.
¼	$0 25	2¾	$1 50	5¼	$2 75	7¾	$4 00
½	35	3	1 60	5½	2 85	8	4 10
¾	50	3¼	1 75	5¾	3 00	8¼	4 25
1	60	3½	1 85	6	3 10	8½	4 35
1¼	75	3¾	2 00	6¼	3 25	8¾	4 50
1½	85	4	2 10	6½	3 35	9	4 60
1¾	1 00	4¼	2 25	6¾	3 50	9¼	4 75
2	1 10	4½	2 35	7	3 60	9½	4 85
2¼	1 25	4¾	2 50	7¼	3 75	9¾	5 00
2½	1 35	5	2 60	7½	3 85	10	5 10

United States Consul John A. Sutter, jr., writes from Acapulco as follows:

UNITED STATES CONSULATE, ACAPULCO,
February 7, 1878.

SIR: In obedience to your wishes, expressed to me on your way through this port on the 26th ultimo, I now have the honor to make to you some observations relative to our postal and commercial relations with the west coast of Mexico in general and this consulate in particular.

Mails from the United States find their way to the west coast of Mexico by San Francisco, Panama, or by Vera Cruz, overland.

The United States is the only country having a postal convention with Mexico.

The Mexican postage rates are very onerous to the public; so much so, that poor people cannot afford to write many letters—the rate for a letter weighing ½ ounce being for 12 leagues 12½ cents and for distances beyond 12 leagues 25 cents. The necessity of a revision of the entire postal system is felt by all intelligent people. The rates for letters weighing ½ ounce for 12 leagues should be reduced to 5 cents, and for distances beyond 12 leagues to 10 cents, and in all probability the government would gain by such a reduction.

Postal communication throughout the country, for the want of wagons and railroads, is very slow, and not always to be relied upon; it is true, often on account of circumstances beyond the control of the department. Although a letter or a package at the request of the remittant is registered, and a receipt is given for the same for the consideration of one dollar, the postmaster is not responsible for the same. If no accident happens, and the parcel is safely delivered, the party to whom the letter or parcel is directed signs a receipt, which is returned to the post-office it came from and given to the remittant.

Mexican postage-stamps sold to the public at a certain post-office can be *received only* at this same office, which marks them previous to their issue with the local stamp, say "Acapulco" or "Mexico." At no other post-office can a letter be franked with them. Post-office money-orders are not known. In the United States, Mexican stamps do not appear to be generally known; probably, in most cases, the postmasters not being aware of the existing postal convention.

Letters from the west coast of Europe are generally forwarded by merchants to their correspondents at New York or San Francisco, to be franked with United States stamps.

Yours, respectfully,

JOHN A. SUTTER, JR.
United States Consul.

Hon. J. W. FRALICK,
United States Postal Commissioner.

PANAMA, *February* 5, 1878.

DEAR SIR: Impressed with your intelligence upon all matters pertaining to the circumstances under which the mails are actually dispatched from the United States to the South American States, I would respectfully ask you to embody in writing any information you may be in possession of to aid me in making a report to the Post-Office Department at Washington.

I would ask your opinion in reference to the present commercial obstructions existing between the United States and the countries of South America.

The control of steamship-lines and other avenues of communication are at present

almost wholly in English, German, and French hands. Therefore I desire your views in reference to the establishment of new lines running from San Francisco to Valparaiso, and New Orleans to Colon, United States of Colombia.

Also, in relation to a line from the east coast to Brazilian ports—Montevideo, Buenos Ayres, and—through the Straits of Magellan, around to Valparaiso.

Any information you may be pleased to give in reference to the above will greatly oblige,

Yours, very respectfully,

J. W. FRALICK.

Hon. FRANCIS W. RICE.

PANAMA, *February* 7, 1878.

United States Commissioner to the South American States and Brazil:

DEAR SIR: Your flattering note of the 5th was received the same day.

In regard to your request for information on postal matters between the United States and South America, &c., I will say that all United States mail-matter for this isthmus and the South American States is dispatched from the New York office, and comes forward on the Pacific Steamship Company's vessels. Letters of half an ounce, as you know, or less pay 5 cents each, and correspondingly for each additional half-ounce, or if a fraction over half an ounce, 10 cents to Panama. The mail-matter is brought here from Colon (Aspinwall), after weighing and taking consular receipts or vouchers for it, by the Panama Railroad, and delivered to the United States consul. He has the privilege from the Colombian Government of opening the sacks and taking therefrom all matter addressed to himself and family, all in his care for naval or other officers of the United States Government, all letters for outside of Colombian territory, and all registered letters. He must turn over the balance to the national post-office here. The postmaster here, although his government pays no portion of the carriage between New York and his office of mail-matter, demands for the simple *delivery* of a ten-gram letter at the post-office counter—not at your place of business or at your residence—10 cents, and 10 cents for each additional ten grams; a charge that is very unwillingly paid by the business community and others, and which to me seems to be quite too much. A box at the post-office costs $4.80 a year, which is not high, considering how dear everything is in Panama.

The mails for the South American States are made up in New York, and delivered to the British vice-consul in Colon, who forwards them here for delivery to the Pacific Steam Navigation Company's vessels. The letters pay seventeen cents each in New York for a single rate. The postmaster at New York incloses a letter-bill, giving the weight, which, after being verified by the British vice-consul, is forwarded to the post-office in London.

The Pacific Steam Navigation Company, in lieu of its former subvention, receives from the post-office in London at the rate of one shilling and six pence (say thirty-six cents) per ounce for letters, three pence per pound for newspapers, and five pence per pound for other printed matter. The Pacific Steamship Company also receives some small sums from one or two of the South American States for entering and dropping the mails at small ports, or gets exemption from port charges, &c., making in the whole quite a large amount yearly, but how much I do not know.

The United States mails for Central America from New York are brought by the Pacific Mail Steamship Company to Colon, thence to Panama by rail, and delivered to the consul, who sorts them and forwards them by Central American Line to their destination, or, rather, to the ports of their destination. All European letters from Europe go forward by the same conveyance.

Mail-matter, on getting into the ports of Central America, is charged at high rates for carriage into the interior; I believe as high as twenty cents for a single rate.

Postage is, in the interior of Colombia, from one place to another and from the coast, collected at the rate of ten cents for ten grams. From one post-office to another in the same State, half rates. If letters are certified to contain valuables, such as bonds, bank-notes, &c., and do not weigh over twenty grams (two-thirds of an ounce), they pay fifty cents for a single rate and ten cents for each additional fifteen grams.

Great care should be taken in mailing letters in the United States for South America that the full postage is paid. The fraction of a hair's weight over the rate subjects the letter to be sent to Washington, where, after examination, it is returned to the writer marked "underpaid."

I believe this covers all you ask from me in regard to postal matters.

Yours, respectfully,

FRANCIS W. RICE.

CONSULATE OF THE UNITED STATES AND POSTAL AGENCY AT PANAMA,
February 8, 1878.

SIR: In compliance with your request for information upon postal matters between the United States and South America and at Panama, I beg to say that at the present time there is no postal treaty or convention existing between the United States and the west coast republics of South America, with the exception of Ecuador, concluded May 9, 1871, which provides for an exchange of mails between the two countries by the ordinary means of communication via the Isthmus of Panama.

Notwithstanding the absence of postal treaties and conventions, the exchange and transmission of mails between the United States and the west coast republics of South America has, at least for the past eight years, been prompt and regular, owing their regularity and prompt dispatch to the efficiency, care, and attention of foreign postal agents on the Isthmus of Panama. All mail-matter from the United States for the west coast republics is made up and dispatched from the post-offices at New York and San Francisco.

MAILS FROM NEW YORK.

The mails from New York are dispatched on the 15th and 30th or 31st of each month by one of the Pacific Mail Steamship Company's ships to Colon (Aspinwall), where, on their arrival, that portion of them destined for the South Pacific is delivered to the British postal agent, who, on the same or following day, forwards them to Panama, where they are received by the Pacific Steam Navigation Company and forwarded by one of their steamers to their destination or the ports of destination.

The Pacific Mail Steamship Company's steamers, arriving on the 9th and 24th of each month at Colon, and the Pacific Steam Navigation Company's steamers, leaving Panama on the same or following day, the New York mails for the South Pacific have never, to my knowledge, been delayed on the isthmus.

MAILS FOR CENTRAL AMERICA AND PANAMA.

The mails from New York for Central America and Panama are, upon their arrival at Colon, immediately forwarded by the Panama Railroad Company to this agency, that portion for Central America being sent to the several postal agencies in Panama, with the exception of the correspondence for Salvador, which is forwarded direct from this agency to the ports of Libertad, La Union, and Acajutla.

The mails from New York for Panama, upon their receipt, are immediately distributed as follows: We retain all our own mail-matter, and that for the consulate and postal agency, likewise all matter addressed to our care destined for the diplomatic, consular, and naval officers, and employés of the United States; also, we retain, wholly independent of the local postal authorities, all mail-matter destined for points outside the territory of Colombia. All other mail-matter for Panama, &c., is delivered to the postmaster at Panama for delivery to the parties addressed, for which service the Colombian postal laws require him to collect ten cents for each 10-grammes letter, and ten cents for each additional ten grammes—a charge unwillingly paid by some, but a very small charge compared with the demands of South and Central American Republics for local or interior postage.

The complaints are many and often of irregularities, detention, and mismanagement of postal affairs throughout Colombia, and especially in the post-office at Panama, but I can assure you that it is much better conducted than formerly.

MAILS FROM THE SOUTH PACIFIC AND PANAMA.

The mail-matter from the west coast of South America for the United States, as well as from Central America, passes through this agency, that from the south being received from the British postal agent in Panama, mostly in closed bags, and forwarded as received. All local mail-matter for New York, San Francisco, &c., and a large amount of correspondence for Europe via New York, is mailed at this agency, and, without exception, has been forwarded promptly to destination. We send four mails a month to New York, namely, two per Pacific Mail Steamship Company's steamers, 1st and 18th, and two per Atlas Steamship Company's steamers, 10th or 11th and 25th of each month; also, two to San Francisco and Mexican ports per Pacific Mail Steamship Company's steamers, 9th and 24th of each month.

The transportation of mails, and all mail service between Panama and Valparaiso, Chili, is performed by, and entirely in control of, the Pacific Steam Navigation Company.

The steamers of this company also convey all the British mails between Panama and the ports on the South Pacific.

The Pacific Steam Navigation Company are subsidized by the different South American republics to carry the intermediate mails, but to what extent I cannot say.

The Pacific Mail Steamship Company's steamers carry the mails between Panama and Central America and Mexico, receiving a subsidy from each of the republics for that service; how much I cannot say.

Thus far negotiations for postal conventions with Chili, Peru, and Colombia have been unsuccessful; it is to be hoped, however, that improved postal facilities will soon be established, and that each of those countries will soon adhere to and adopt the rates of the General Postal Union.

Very respectfully, your obedient servant,

OWEN M. LONG,
United States Consul and Postal Agent.

Hon. JOHN W. FRALICK,
United States Commissioner, &c.

UNITED STATES CONSULATE AT COLON, ASPINWALL,
United States of Colombia, South America, February 8, 1878.

SIR: As requested by you yesterday, I take this early occasion to state the condition of postal matters at this port, and may add on this Isthmus.

The United States furnish mail matter to this point through the New York post-office. The mails are brought to this port by the Pacific Mail Steamship Company's steamers, and to this consulate in sealed bags addressed to the United States consul. The consul assorts the mail, and retains all mail matter addressed to him, his family, or to his care for other parties, and the mail for the employés of the Panama Railroad Company, the Pacific Mail Company, &c., which he delivers from his office. All other mail matter is then passed over to the local postmaster, who receives it and charges ten cents per half ounce on letter matter for its delivery without any regard to what has been paid elsewhere.

The Government of Colombia, nor the State of Panama, has paid nothing for the transportation or handling of mails thus passed over to them; letters thus received by them remain on their hands until called for and paid for, until they rot; not forwarded or returned; no dead-letter-office system prevails that I am aware of. Letters between this port and Panama and intermediate points go to and fro free at the expense and under the care of the Panama Railroad Company, and are free to natives and foreigners.

Letters and printed matter, I believe, should be delivered free from this consulate to the person or persons addressed when coming from the United States, the Colombian Government having no interest or responsibility in the matter, and being at no expense for transportation or delivery. And why the postmaster at this point should receive a letter from my hand and pass it at once to the person for whom it is intended, and exact and receive ten cents for that little duty, when full postage has been paid in the United States for that service, I am at a loss to understand. Formerly they had some care and expense before the railway existed in transportation, and now they have none.

I hope you will properly lay this subject before the authorities at Washington, so that we may be relieved this burdensome exaction.

I am, sir, very respectfully, your obedient servant,

JAS. THORINGTON.

Hon. J. W. FRALICK,
United States Commissioner.

At the Isthmus of Panama the expectations formed as to reforms in the postal service at that point, resulting from my visit, are expressed in the following from the Panama Star and Herald of February 5, 1878:

"Let us hope that the presence of the postal commission from the United States will lead to a reform of the present very unsatisfactory state of the postal service upon this isthmus. Let us have explained why people are called upon to pay a local charge for the delivery of letters, of ten cents the single rate, or twice the postage between here and New York or San Francisco. In short, we hope to have several things made lucid and understandable. More anon."

The following is the Spanish text of a notice of the commission and its object appearing in La Estrella, the only Spanish paper of the Isthmus, on February 8, 1878, from which it was widely copied in South American papers:

[La Estrella, February 8, 1878.]

La Postal Union así llamada comprende ya muchas naciones respectables. Originaria entre los Estados Unidos e la Inglaterra hace dos años ha ido creciendo en importancia, utilidad i eficacia de manera que hoi todos los paises que conocen su sencillísimo metodo e inapreciables ventajas, se desirven por ingresar en ella. El poste de una carta sencilla entre dos naciones cuales quiera de la union por grande que sea la distancia que las separe, es de solo cinco centavos.

El Señor J. W. Fralick, comisionado de los Estados Unidos á las repúbheas de Sud America i el Brazil partira de Panama el 9, i es de espara en bien del progreso de estos paises, que sus gobiernos se persuadiran á ingresar en la union postal despues que, merced á las esplicaciones del Señor Fralick. se impongan del *modus operandi* de ella.

[Translation of the above.]

The Postal Union, so called, already comprises many important nations. Originating between the United States and England two years ago, it has gone on increasing in importance, utility, and efficacy, so that now all countries that understand its very simple methods and inestimable advantages are anxious to enter it. The postage on a single letter between any two nations of the union, no matter how great the distance that separates them, is only five cents.

Mr. J. W. Fralick, commissioner of the United States to the republics of South America and Brazil, will leave Panama on the 9th, and it is to be hoped, in the interest of the progress of these countries, that their governments will be persuaded to enter the Postal Union after they have, through the explanation of Mr. Fralick, become acquainted with its *modus operandi*.

The Panama Star and Herald, in its issue of February 9, 1878, has the following editorial notice, which represents the views of intelligent residents there as to the reforms to be effected in postal affairs:

"The Postal Union, as it is called, now embraces nearly all nations of any importance. First established between England and the United States, it has specially been entered into by the other European powers until its action is almost universal.

"The plan upon which it is organized is so simple and perfectly just toward all its members that, when once properly explained and understood, there has been an eager desire to join. The idea is to establish entirely uniform rates of postage all over the world. For instance, 5 cents paid on a letter, weighing not more than half an ounce, at San Francisco, will insure delivery of said letter, without any additional charge whatever, in St. Petersburg, or Cairo, or Calcutta, or at whatever place may be within the union, or *vice versa*. The plan has now been in operation two years or more, and is found to work perfectly. It was feared that postal revenues would decline, but quite the contrary has been the case. Cheap postage has been found to stimulate communication to such an extent that in all cases it has been found to pay.

"Mr. J. W. Fralick, the commissioner from the United States to the South American republics and Brazil, will leave Panama for the south to-morrow, and it is very much to be hoped that he will find the different governments which he will visit ready and willing to avail themselves of the great advantages to be secured by membership of the Postal Union."

POSTAL AGENTS AT THE ISTHMUS.

The several consuls of foreign countries are, in most cases, postal agents at the isthmus, and particularly the following at Panama:

England, H. Mallett.
United States of America, Owen M. Long.
Nicaragua, Guatemala, } James Boyd.
Salvador, Gregorio Miro.
Costa Rica, Francisco Huetado.
Honduras, V. A. Yarr.

At Colon, Aspinwall.

England, R. C. Crampton.
United States, James Thorington.

POSTAL CONDITION OF ECUADOR.

CONSULATE OF THE UNITED STATES,
Guyaquil, February 28, 1878.

DEAR SIR: Inclosed please find an abstract of the postal treaty between this republic and the United States, and also a portion of the statistics of the export and import trade between this and other countries. You can form an idea of the commerce of Ecuador during the year 1877. *One hundred steamers of the Pacific Steam Navigation Company*, thirty-three sailing-vessels of foreign nations, and twenty-eight national have entered and cleared from this port, but I regret to say *not one of our flag*.

My opinion is that a line of steamers between Panama and Callao would be well

received, not only in Ecuador, but also on this whole coast, as it would assist and increase at the same time the commerce between the United States and these republics.

Hoping that your mission in Peru has proved successful, and with kind remembrances to your companions,

I remain, yours, respectfully,

PHANOR M. EDER,
U. S. Consul.

Hon. J. W. FRALICK,
U. S. Commissioner.

POSTAL TREATY BETWEEN THE UNITED STATES AND THE REPUBLIC OF ECUADOR, MADE IN THE YEAR 1871.

The obligation of the Ecuadorian Government is to forward the correspondence from the republic of Ecuador to Panama and the United States Government, and the United States Government, on her part, is obliged to carry said correspondence forward to the United States, and *vice versa*. The postage charged from the United States to any part of the republic of Ecuador is twenty cents, American coin.

All printed papers, such as circulars, newspapers, music notes, catalogues, &c., from the republic of Ecuador to the United States, are free of postage; and from the United States to Ecuador, two cents are charged on the above for a single newspaper, increasing its postage according to the weight.

The exports from Ecuador during the year 1871 have been $6,623,844, Ecuadorian currency; of which $1,055,500, went to the United States; and the imports $6,602,510, Ecuadorian currency, of which $845,417 came from the United States. Most of the exports to the United States went to the port of New York, and only a small portion to San Francisco.

PHANOR M. EDER,
United States Consul.

OFFICIAL AND OTHER NOTICES IN PERU.

[From La Opinion Nacional, February 23, 1878.—Translation.]

The article taken by us yesterday from the Star and Herald, with other information communicated by American journals now at hand, as well as private information, fully confirms the official mission, which, among other and important objects, brings to Peru the commission presided over by Mr. Fralick.

The Government of the Union has understood the necessity of closer relations with the republics of South America, and especially with Peru, and, accepting the initiative of large capitalists, wishes to prepare the ground for such results by negotiating with our government a postal convention embracing the liberal principles of the Berne Postal Treaty, in which nearly all European and American countries have now joined.

This object alone is of the greatest importance, and it deserves to be adopted at once by our government, since questions of this class represent progress in the path of administrative reform.

But there is also something claiming especial study. The postal convention is the beginning of greater combinations, among the results of which will be the establishment of new steamship companies, railroads, and other industrial enterprises, giving safe and profitable employment to the surplus capital existing in the United States and available for mercantile enterprises.

It is of urgent importance that our government should take the matter into consideration as soon as possible, and conclude all the preliminary arrangements. For this purpose we suggest that a committee be appointed, in which the government and the mercantile community be represented, with full power to treat with Mr. Fralick in the shortest time possible, and, until the sanction of Congress be obtained, which we consider possible, to avail ourselves of the new postal system, notwithstanding the shortness of time for the execution of the resolutions.

The foresight of the government in these matters relieves us of the necessity to urge a matter that admits of no delay. The mode that we propose, besides being the most convenient, will hasten and simplify the proceedings necessary to reach a definite conclusion.

The following notice of the appointment of a commissioner, by the Peruvian Government, to negotiate for the entrance of the republic of Peru in the postal union upon the basis of the Berne treaty, appeared in La Opinion Nacional of February 26, 1878:

[Translation.]

POSTAL CONVENTION.—We are informed that Señor Don Mariano Felipe Paz-Soldan has been named special agent of the Government of Peru to negotiate with the repre-

sentative of the United States, Mr. W. Fralick, the new postal convention upon the basis of the treaty of Berne.

We approve this nomination, but we would ask that there be associated with the Peruvian negotiator the director of posts and a merchant of this place. This commission so organized would better fulfill its purpose.

[From La Opinion Nacional, March 18, 1878.—Translation.]

The commission presided over by Mr. Fralick, and which as our readers know has come to Peru with the double mission of celebrating with the government a postal treaty and also to enter into business relations with our merchants, giving employment to American capital, has inaugurated its labors with splendid success.

We are assured that His Excellency the President is willing to give all possible facilities, both in his capacity as chief magistrate and as a private citizen; and to this effect has informed him of his desire to accept the Berne treaty, and also to give him the requisite protection in examining the mines of Peru.

We therefore hope that we will soon adopt the reforms that now exist in the postal system of the civilized world, and that our commerce, based on national productions, may receive a wonderful impulse.

[Translation of article in La Opinion Nacional of April 4, 1878, published at Lima, Peru.]

By letter of 24th March, the Government of Chili has adhered to the postal treaty of Berne.

Coincident with this resolution, and probably the cause of it, the announcement is made in the newspapers of that republic that the special commission from the United States, charged to negotiate this adhesion with several South American states, will soon arrive there.

The lines we quote from a periodical of Valparaiso complete the notices in this respect. They are as follows:

"Mr. J. W. Fralick, commissioner of the United States Government to make postal regulations with the South American republic and Brazil, has lately arrived at Panama, to continue his voyage further south in fulfillment of his mission.

"It will be well, while expecting so *useful* a guest, to prepare everything here in order that, on account of some insignificant though perhaps insuperable constitutional reason, nothing may occur to prevent the conclusion of a postal arrangement.

"Mr. Fralick, who travels as agent of the United States, has the mission to prepare the way for the entrance of the South American countries to the postal union, which now embraces nearly all the European continent, India, Egypt, the United States, and Canada.

"He will visit Peru and Chili, and touching at Magallanes will continue his journey to Buenos Ayres, Montevideo, and Rio Janeiro, to pass from there to England, while other commissioners visit Colombia, Venezuela, Central America, and Mexico.

"In eight months Mr. Fralick hopes to return to the United States to report to his government. The treaty being concluded for the said entrance of Chili to the postal union, a letter may be sent thence prepaid to any of the States of the Union without being subject to any charge in the country of receipt, and *vice versa*."

We know, also, that the Government of Bolivia has decided to give a favorable reception to this important reform.

Among so much, we have not the satisfaction to say that this subject has reached a definitive result in Peru, although it has been under discussion for more than a month.

It is necessary for us to give the example, and how much we can congratulate ourselves to have taken part in a convention of universal progress.

DECREES OF THE PERUVIAN GOVERNMENT.

The following decrees, dated April, 1878, were promulgated by publication in El Peruano of April 11th and subsequent dates:

[Translation.]

Adhesion of Peru to the Postal Treaty of Berne.

MINISTRY OF FOREIGN AFFAIRS,
Lima, April 6, 1878.

Seeing that it is expedient, and taking into consideration that it is convenient, to the interests of the republic to attend to and facilitate the postal relations with all other countries, and exercising the power granted by article 1 of the treaty framing a general Postal Union, signed at Berne, October 9, 1874, it is declared that the Government of Peru gives its adhesion to said treaty; and to carry this into effect, it authorizes

the minister plenipotentiary of the republic in France to take all measures that this incorporation demands, giving him full powers for the said purpose and the necessary instructions.

Communicate this and publish it.

ROSPIGLIOSI.

LIMA, *April* 6, 1878.

The Government of Peru, having by decree of this date joined the general postal treaty, signed at Berne, October 9, 1874, and according to the instruction of the chargé d'affaires of France, made in the name of the government, I appoint as delegate of Peru, to the postal congress, which, conformably to article 18 of said treaty, will meet at Paris, May 1 of this year, Senior John Mariano de Gayoweche, envoy extraordinary and minister plenipotentiary of the Republic of France.

Instructions will be sent and summary (?) powers given.

Communicate this to the French legation and publish it.

ROSPIGLIOSI,

NOTICE OF THE POSTAL REFORM IN CHILI.

The public attention was promptly given to the propositions supposed to be brought for the consideration of Chili, and the following from *Chilian Times* gives a cordial approval of the postal duties of the mission, with criticisms on its commercial objects:

[The Chilian Times, Valparaiso, Saturday, March 9, 1877.]

"The Postal Union, as it is now called, now embraces nearly all nations of any importance. First established between England and the United States, it has speedily been entered into by the other European powers, until its action is almost universal.

"The plan upon which it is organized is so simple and perfectly just toward all its members that, when once properly explained and understood, there has been an eager desire to join. The idea is to establish entirely uniform rates of postage all over the world. For instance, five cents paid on a letter weighing not more than half an ounce at San Francisco will insure the delivery of said letter without any additional charge whatever in Saint Petersburg, or Cairo, or Calcutta, or at whatever place may be within the union, and *vice versa*.

"The plan has now been in operation for three years and a half, and is found to work splendidly. It was feared that the postal revenues would decline, but quite the contrary has been the case. Cheap postage has been found to stimulate communication to such an extent that in all cases it has been found to pay."

The Panama Star, from which we quote the foregoing, announces that Mr. J. W. Fralick, the postal commissioner from the United States to the South American Republics and Brazil, was to leave Panama for the south on the 9th July, ultimo.

It is very much to be hoped that he will find the different governments which he will visit ready and willing to avail themselves of the great advantages to be secured by membership of the Postal Union, which will tend very materially to the improvement of trade, especially with the United States. After visiting Peru the commissioner will come to Chili, and then proceed via the straits to Buenos Ayres, Montevideo, and Rio, in which latter place he will perfect the arrangements for the projected steamship line between New York and Brazil.

One of the principal difficulties in the way of closer commercial relationship between the two divisions of the continent is that of communication, and thus the prudence of the first step taken to divert trade into the desired channel in appointing a commission to obtain postal reform cannot be doubted. Speaking for Chili, we believe Mr. Fralick will find every disposition existing on the part of the authorities to meet his views, always providing he does not require money, and probably he will meet with equal success in the other republics. But though we wish the movement every success, and have unlimited faith in Yankee enterprise, we are of the opinion the competition with which European merchants are threatened will not be of a character likely to cause them a moment's uneasiness; at all events, until there is a radical reform effected in the tariff of the United States.

"It is humiliating," said Mr. Fralick when interviewed concerning his commission, "to find that as the great advances in steam navigation are perfected and become universal we are no longer equal to Europe, but have lost our standing altogether as a maritime nation; and that while England and Germany have steam lines to various ports of South America, the United States are without a single flag floating in those waters." Mr. Fralick might have added another fact yet more humiliating, namely, that the line between this port and Boston, owned by Americans, and the only one trading to the northern continent, is sailed under the flag of their chief rival, England. The fiscal restrictions that compel the adoption of such a course must be injurious to commerce, whatever protectionists may say to the contrary; and solong as they continue in force real competition will be impossible with nations enjoying a more liberal

tariff. Nothing can be said against American manufactures, but it remains to be seen whether foreigners will prefer paying a higher price for them than for European products of equal merit. In the mean time we wish Mr. Fralick every success in his mission, and hope his stay on Chilian soil will be both agreeable to himself and profitable to his country.

Repeated notices in the same broad and liberal spirit appeared in other Chilian papers, especially in the U Mercurio, a flourishing daily paper, now in the forty-first year of continuous publication, at Valparaiso.

APPENDIX TO COMMERCIAL REPORT.

Commerce at Chili, 1875, 1876, and 1877.

The following general table gives the imports entered at the port of Valparaiso, by articles, for the years 1876 and 1877, and from each country for 1877, as condensed from the extended official tables published under date of February 10, 1878, by the chief of the statistical office at Valparaiso. The imports free of duty are not included, nor any imports at other ports than Valparaiso. It is reported that the dutiable imports at this port in 1876 were 63 per cent. of the total at the port, and 57 per cent. of the total for all ports of Chili:

The account for Valparaiso for 1876, therefore, gives as duty-paying imports	$20,095,564
Free imports	11,798,982
Total at Valparaiso	31,894,546
Total at other ports	3,396,495
Total for Chili	35,291,041

The total imports for 1875 were $38,137,500. In 1877 the total is not yet available, but the amount paying duty at Valparaiso was but $15,667,440, indicating a total for all Chili in 1877 not above $30,000,000.

The value of the following table is in showing the sources of the leading articles supplied to that country from Europe and the share of the United States in such supply.

"The total values of 63 principal articles paying duty at Valparaiso in 1876 amounted to $20,095,564, which was 63 per cent. of the whole importation at this port and 57 per cent. of the total imports of the republic in the same year. These data permit an approximate calculation of the total foreign merchandise consumed in 1877."

Coal, railroad iron, and supplies, with many other articles, are free of duty, and therefore do not appear below.

Official report of leading articles of dutiable merchandise imported at Valparaiso in 1876 and 1877.

[The values are in the Chilian dollar, worth 80 cents United States gold.]

Articles.		Whence imported.	Value of imports in 1877.	Total in 1877.	Total in 1876.
Aceite de oliva	Olive oil	France	$62,355	$123,432	$126,953
		Italy	54,245		
		Spain	5,988		
Aguardiente	Brandy, in bottles	France	214,029	219,062	436,770
		England	3,952		
Aguardiente	Brandy, in casks	France	5,180	7,887	13,585
		Peru	1,451		
Alpacas	Worsted goods	England	48,596	60,791	106,028
		Germany	7,464		
		France	4,731		
Artículos para modista.	Fancy goods	France	183,477	256,515	326,546
		Germany	57,920		
		England	13,727		
Arroz	Rice	India	58,235	174,237	188,203
		England	25,850		
		Germany	12,437		
		Italy	5,676		
		Peru	72,039		
Azúcar, blanco	Sugar, white	Peru	797,246	797,246	813,549
Azúcar, prieto	Sugar, brown	Peru	354,914	366,242	543,290
		China	11,328		

Official report of leading articles of dutiable merchandise imported, &c.—Continued.

Articles.		Whence imported.	Value of imports in 1877.	Tota. in 1877.	Total in 1876.
Azúcar, refinado	Sugar, refined	France	$861,767	$1,157,864	$1,245,952
		United States	137,892		
		Germany	132,201		
		England	21,526		
Becerros	Calf-skins	France	80,339	114,478	150,036
		Germany	29,313		
		England	4,826		
Café	Coffee	Central America	74,871	173,867	191,451
		Ecuador	44,991		
		Peru	40,536		
Calzado por hombres	Boots and shoes, men's.	France	11,832	18,315	18,691
		England	4,996		
		Germany	1,236		
Calzado por niños	Children's	France	32,207	48,004	82,048
		England	12,041		
		Germany	3,572		
Calzado por señoras	Ladies'	France	161,576	192,083	328,036
		England	20,904		
		Germany	7,313		
Camisas de hilo i algodon.	Shirts, wool and cotton.	France	76,115	86,144	100,061
		England	6,741		
		Germany	3,120		
Casimires	Cassimeres	Germany	201,746	459,245	604,600
		France	179,879		
		England	57,082		
		Belgium	20,343		
Cerveza	Beer and ale, in bottles.	England	68,081	100,022	218,291
		Germany	31,226		
Cerveza	Beer and ale, in casks	England	707	752	3,734
Chales surtidos	Shawls	Germany	74,889	95,588	144,628
		England	8,542		
		France	12,157		
Chamcaca		Peru	106,137	153,622	111,415
		China	67,485		
Choleta		England	65,083	79,829	106,795
		Germany	10,960		
		France	2,312		
		United States	1,474		
Cigarros puros	Cigars	Spain	63,469	130,310	175,762
		Germany	43,054		
		Peru	8,856		
		England	4,406		
		Belgium	2,867		
		United States	2,467		
Clavos de hierro	Nails of iron	United States	95,737	157,697	162,705
		England	36,847		
		Belgium	17,518		
		Germany	4,905		
		France	2,690		
Cristaleria	Glass ware	Germany	32,556	88,954	133,201
		France	32,056		
		England	15,931		
		Belgium	5,971		
		United States	1,890		
Dril de algodon	Cotton-drills	England	37,755	105,661	97,649
		Germany	29,610		
		Belgium	19,226		
		France	18,674		
		United States	396		
Drogas	Drugs	France	86,313	229,089	195,688
		England	58,044		
		Germany	39,842		
		United States	26,857		
Gas para lamparas	Refined petroleum	United States	186,774	*222,539	141,725
		England	24,978		
		Peru	10,787		
Grasa	Grease	Argentine Republic	127,804	131,853	241,526
		Uruguay	3,822		
Hierro en barra i lingotes.	Iron in bars and ingots.	England	200,235	200,297	173,382
		United States	.....		
Hierro en planchas i galvanizado.	Iron in sheets and galvanized.	England	159,109	159,109	220,548
		United States	.....		
Hilo de lana	Wool or worsted yarn	Germany	93,705	106,566	99,688
		France	7,605		
		England	4,532		
Jenero blanco de algodon.	White cotton goods.	England	910,862	954,479	1,937,930
		United States	33,352		
		Germany	7,327		
		France	2,777		

*1,885,373 liters = 471,343 gallons.

Official report of leading articles of dutiable merchandise imported, &c.—Continued.

Articles.		Whence imported.	Value of imports in 1877.	Total in 1877.	Total in 1876.
Id. de id. para pantalones.	Colored cottons for pantaloons.	Belgium	$129,134	$352,295	$449,086
		Germany	119,525		
		England	57,774		
		France	43,655		
		United States	2,207		
Id de id. asargado	Cotton twills or serges.	England	76,418	158,343	256,323
		United States	81,312		
Id. de lana	Worsted dress goods.	France	134,126	227,130	271,609
		Germany	75,525		
		England	15,454		
		Belgium	2,025		
Id. de id. i algodon	Dress goods of worsted and cotton.	Germany	131,719	271,059	398,104
		England	89,617		
		France	40,033		
Jenero de seda	Silk goods	France	106,676	115,837	226,354
		Germany	6,708		
		England	2,184		
Id. para sacos	Bagging	England	149,891	168,656	422,794
		United States	13,231		
		Germany	5,534		
Joyeria fina	Jewelry	France	51,166	116,633	141,911
		Germany	47,135		
		England	13,705		
		United States	2,425		
Loza comun	Crockery	England	41,956	59,795	81,543
		France	13,505		
		China	3,069		
Madera por construccion.	Lumber and timber.	United States	266,912	278,206	167,950
		France	7,053		
		England	4,041		
Medias de algodon	Hosiery of cotton	England	74,711	165,432	160,740
		Germany	68,210		
		France	22,511		
Merinos	Merino worsted	France	49,215	89,541	175,606
		Germany	21,552		
		England	18,368		
Meubles	Furniture	France	49,526	104,802	211,222
		England	16,250		
		United States	28,891		
		Germany	8,788		
Paños	Woolen stuffs, n. s.	France	51,432	130,027	216,165
		Germany	46,102		
		England	26,288		
		Belgium	6,205		
Panuelos de algodon	Handkerchiefs of cotton.	England	109,026	131,051	156,283
		France	11,172		
		Germany	10,817		
Id. de lana para rebozo	Veils, hoods, and scarfs.	Germany	165,868	196,814	288,693
		England	18,868		
		France	10,174		
Pianos	Pianos	Germany	37,611	72,138	117,072
		France	21,792		
		England	6,218		
		United States	4,592		
Porcelana	Porcelain	France	49,194	67,590	76,342
		Germany	13,605		
		England	4,611		
Qnimones	Manufactures of cotton, n. o. p.	England	1,031,848	1,087,040	1,425,946
		Germany	30,672		
		France	18,324		
		Belgium	1,730		
		United States	4,466		
Ropa becha	Carpets, matting, &c.	France	365,571	418,899	443,888
		Germany	21,267		
		England	31,211		
		United States	331		
Sacos vacios	Empty sacks	England	266,614	270,183	397,887
		United States	1,519		
		Germany	1,377		
Sebo	Tallow	Argentine Republic	244,815	245,716	364,214
Soda caústica	Caustic soda	England	102,322	103,593	57,866
		Germany	1,271		
Sombreros de lana	Hats of wool	France	148,862	181,856	252,968
		Germany	14,703		
		England	11,562		
		Belgium	6,669		
Sombrero de paja	Straw hats	France	69,803	207,551	229,31
		Peru	57,456		
		Ecuador	69,427		
		China	1,830		
		Germany	4,339		
		England	3,690		

Official report of leading articles of dutiable merchandise imported, &c.—Continued.

Articles.		Whence imported.	Value of imports in 1877.	Total in 1877.	Total in 1876.
Tabaco suitido	Manufactured tobacco.	Spain	$333,196	$880,567	$796,263
		United States	89,901		
		Belgium	24,300		
		Peru	283,874		
		Argentine Republic	83,807		
		Paraguay	65,489		
Tafiletes		France	52,837	72,278	102,102
		Germany	17,303		
		England	2,138		
Tè	Tea	England	336,115	336,115	317,601
Tocuyos		England	336,484	483,805	489,754
		United States	135,807		
		Germany	10,534		
Tripe suitido		England	143,843	172,799	159,008
		France	26,698		
		Germany	2,258		
Velas, de esperma i composicion.	Candles, sperm and composition.	Germany	321,808	395,143	346,688
		Belgium	28,802		
		England	23,112		
		France	19,410		
		United States	95		
Vino blanco	White wine (in bott's)	France	45,652	79,148	164,059
		Spain	17,898		
		England	7,467		
		Portugal	3,287		
		Italy	2,528		
		Germany	2,376		
Id	do (in casks)	Spain	12,953	22,191	34,708
		England	5,215		
		France	1,766		
		Germany	949		
Vino tinto	Red wine (in bottles)	France	106,996	135,452	231,348
		Spain	6,396		
		England	5,917		
		Portugal	2,991		
Id	do (in casks)	France	131,544	158,626	392,160	
		Portugal	10,226		
		Spain	8,413		
		England	6,607		
Viveres	Provisions and sauces.	France	53,682	86,752	169,416
		United States	13,640		
		England	11,732		
		Germany	4,695		
Yerba mate	Paraguay tea	Brazil	450,815	452,598	461,561
				15,667,440	20,095,564

Value of duty-paying imports, from each country, entered at Valparaiso during 1877.

From England	$4,868,003	From Central America	$74,871
France	3,744,047	Ecuador	124,692
Germany	2,022,145	Peru	1,739,413
Belgium	285,797	Bolivia	2,469
Italy	79,856	Argentine Republic	456,426
Spain	549,218	Urnguay	3,874
Portugal	27,756	China	72,851
Polynesia	1,145	Paraguay	67,272
Brazil	450,815		
The United States	1,135,505	Total	15,667,440

Total imports of the Republic of Chili for the year 1875.

From England	$15,702,808	From Central America	$133,098
France	7,814,811	Urnguay	98,780
Germany	4,162,138	Polynesia	57,394
Argentine Repnblic	2,727,262	Portugal	56,250
Peru	2,410,637	Paraguay	39,088
United States	2,133,443	Colombia	25,316
Belgium	786,804	China	15,989
Bolivia	578,756	Whaling fleet	90,941
Brazil	492,776		
Spain	329,879	Total imports	38,137,500
Italy	283,015	Dnties received	7,277,582
Ecuador	198,615		

In the year 1873 the imports into Valparaiso from the United States, as reported by Consul Williamson, amounted to a total value of $1,999,476, and in the detailed list of articles a number of important items appear not named in the official lists either of the Chilian Government or of the United States. Some of the items here follow:

Lumber and timber	$462,413	Tools and implements	19,200
Sugar, refined, 3,140,104 lbs	310,094	Cotton shirtings	16,401
Machinery	262,065	Cotton cloth and bagging	6,854
Refined petroleum, 414,747 gals	198,011	Chairs, cane, and wood	69,770
		Furniture	11,703
Iron nails, 1,015,630 lbs	46,400	Tobacco, 284,012 lbs	48,264
Drugs	31,034	Flannel, 240,000 yards	31,325
Supplies for Congress	57,500	Shoe-blacking, 44,174	13,280
Spirits of turpentine	22,846	Carriages, No., 25	14,030
Cologne and Florida water	21,292	Hardware, 464 packages	22,749
Books and blank-books	19,185	&c., &c.	

A large number of articles appear on this list of which no return is made in the statistical reports of either country.

The actual imports at Valparaiso from the United States in 1873 included considerable quantities of each of the following articles, and they continue to be imported: Oils, almond, olive, palma christi; oil, cod-liver; Cologne and Florida water; spirits of turpentine; rosin; brandy; bitters; wine, red; plows and agricultural implements; sugar, refined; codfish; scales, large; scales, small; baskets; brooms; brushes for paint; trays; trunks and valises; shoe-blacking; varnish; pumps for wells; pumps for mines; iron safes; bells; organs; pianos; beef, salt; hams; lard; carriages; muskets; pistols; cartridges; rifles; houses, wooden; bedsteads, wooden; furniture; shawls; flannel; beer; biscuits, fine; nails, iron; stoves; shovels; glue; paints; colors; hardware; tacks; shears; iron molds; mining lamps; mining fuse; lamps; candlesticks; wicking; pictures; looking-glasses; toys; boxes not put together; boats; oars; pickles; vinegar; cotton bagging; shirtings; twills; cotton canvas; pantaloon cloth; cotton ticking; gray shirtings; honey; sirup; sweetmeats; cordage, hemp; empty sacks; starch; carpenters' tools; cooper's tools; blacksmiths' tools; shoemakers' tools; shears; copying-presses; cages; chocolate mills; moldings, wood; pine and spruce lumber; timber; cabinet woods, walnut; wooden pegs; machinery (very large values); billiard-tables; barrel staves; drugs; medicines; filters; dentists' materials; gold foil; copper plates; books, printed; books, blank; types, printing; ink, writing; paper for printing; printing materials; letter-paper; paper-hangings; paper for cigarettes; cheese; tallow; candles, tallow, sperm, composition; soap, common; oil-cloth; India rubber; matches; glassware; petroleum, refined (very large); fruit, dried; fruit, preserved; chairs, cane seat; chairs, wood seat; clocks; perfumery; tobacco, Virginia; tobacco, manufactured; tea; hats; saddles; grindstones; sand-paper; sulphate of lime; wheat (large in 1873); effects for the House of Congress; effects for charities and societies; merchandise, assorted; coal, anthracite; coal, bituminous.

Export trade of Valparaiso, first quarter 1877 *and* 1878.

	1877.	1878.
To Peru	$590,921	$605,735
To Great Britain	761,634	452,945
To Germany	230,056	348,298
To Bolivia	259,411	246,040
To Belgium	.....	74,037
To Ecuador	32,219	23,606
To United States	86,820	18,191
To Urnguay	20,193	11,958
To all countries	2,257,301	2,043,403

COMMERCE OF THE ARGENTINE REPUBLIC WITH THE UNITED STATES.

The imperfect character of the official reports of both the Argentine Republic and the United States in giving export statements gives value to the commercial statements which follow. They are from the most trustworthy sources:

Imports into Buenos Ayres of leading products from the United States.

[From the Buenos Ayres Herald, March 1, 1878.]

	1874.	1875.	1876.	1877.
Kerosene.....cases..	83,365	110,583	101,170	236,225
Lard.....do ..	5,443	6,917	3,785	5,126
Turpentine.....do ..	4,956	3,975	4,952	7,230
Rosin.....barrels..	9,429	9,837	11,599	18,550
Flour.....do ..	16,554	94,611	715	400
Starch.....boxes..	33,495	75,793	52,582	67,968
Blacking.....packages..	864	1,393	382	1,335
Chairs.....boxes..	15,124	10,691	4,238	8,369
Alcohol.....barrels..	3,147	600	1,000	14,400
Plows.....cases..	624	1,613	2,885	4,658
Tobacco, leaf.....pounds..	649,951	616,681	540,981	1,171,132
Tobacco, manufactured.....do ..	142,978	166,278	298,036	638,574
Sugar.....barrels..	4,200	33,661	12,050	36,874

COMMERCIAL AND POSTAL NOTICES AT THE RIVER PLATE.

The objects of the mission received the most favorable notices from the press and public in Montevideo and Buenos Ayres; the postal question being less important, however, as the Argentine Republic had already decided on its course in joining the union.

The papers of Montevideo, of May 24 and 25, 1878, La Tribuna, El Sigo, and La Rivesta Mercantil, of those dates, gave extended editorial notices of the tender by the United States, as it was understood, of new and improved commercial relations. Not only were the usual suggestions of mutual benefit to the two countries repeated, but especial emphasis was also given to the renewal of a commerce once large and valuable, through the establishment of an American line of steamers.

At Buenos Ayres, the several journals of June 18 and 19, 1878, contain extended and favorable notices, the Herald and Standard published in English, and La Tribuna, El Nacion, and others, in Spanish. The Herald of June 12 has the following:

"UNITED STATES COMMISSION IN BUENOS AYRES.

"The wonderful impulse given to manufacturing interests in the United States during the last fifteen years has forced manufacturers to go beyond the limits of their own country for a market, and in pursuance of this policy South America, which has been little regarded by commerce and trade, has become a point of considerable interest. The objects were brought to the attention of the United States Government, which most earnestly entered into co-operation with the important commercial interests, and created a commission authorized to represent the United States Government in arranging postal conventions and charged with studying the countries of this continent, with a view of gathering information which should serve as a reliable guide for the aroused enterprise referred to above. * * * This commission crossed the United States to San Francisco *en route* down the Pacific coast, and everywhere they and their mission received the greatest attention, the press and public urging earnestly the commercial invasion of new territory.

"After having visited the west coast this commission arrived at the River Plate, spent some time in Montevideo, and is now in our city. The methods of procedure are indicated more or less clearly in what we have already said. The primary object is to secure direct steam communication between the United States and the Plate. The importance of this has several times been urged by us."

From the same paper of an earlier date we cite an appropriate reference to the commercial condition of that country, with suggestions as to the interests of the United States.

"It would seem that the United States were becoming conscious of a like discovery, and we note with pleasure that the State Department has forwarded to the diplomatic and consular corps a circular requesting immediate and continuous data upon all industrial and commercial matters, with a view to more intimate commercial relations. This comes none too soon if the United States would secure such a share of commerce